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**Daly Transport Services Plc**

**Report and Financial Statements**

**Year Ended**

**31 January 1997**

**REGISTRAR OF  
COMPANIES**



**BDO**

**BDO Stoy Hayward**  
Chartered Accountants

# **DALY TRANSPORT SERVICES PLC**

**Annual report and financial statements for the year ended 31 January 1997**

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Financial highlights

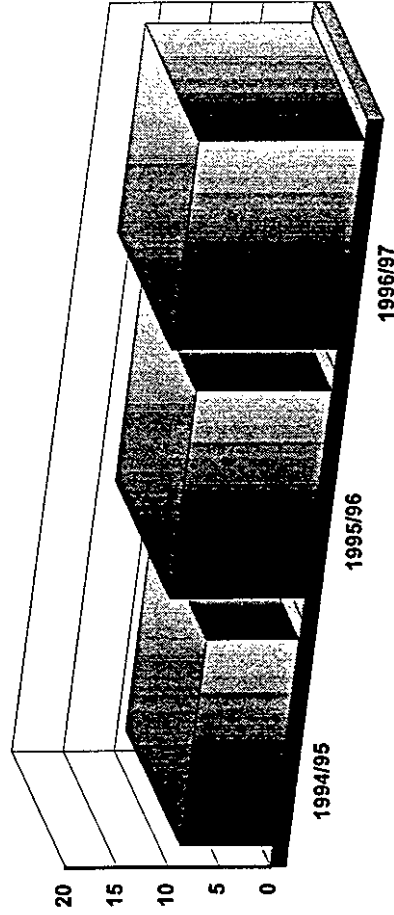
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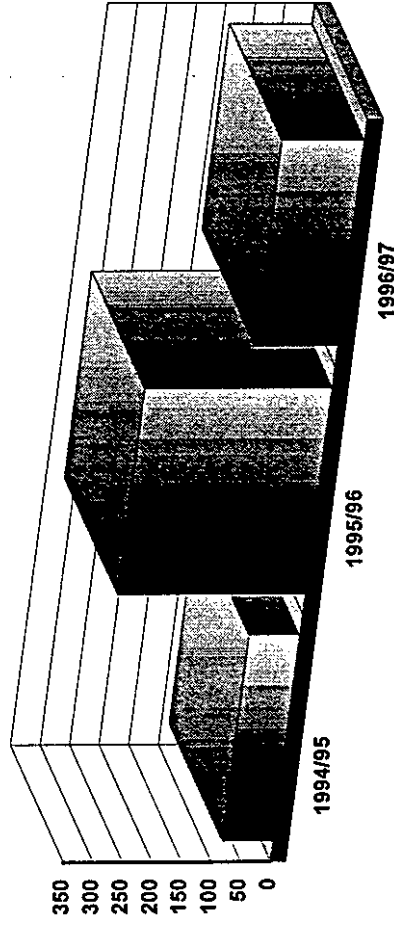
# FINANCIAL HIGHLIGHTS

EACH YEAR ENDING 31ST JANUARY

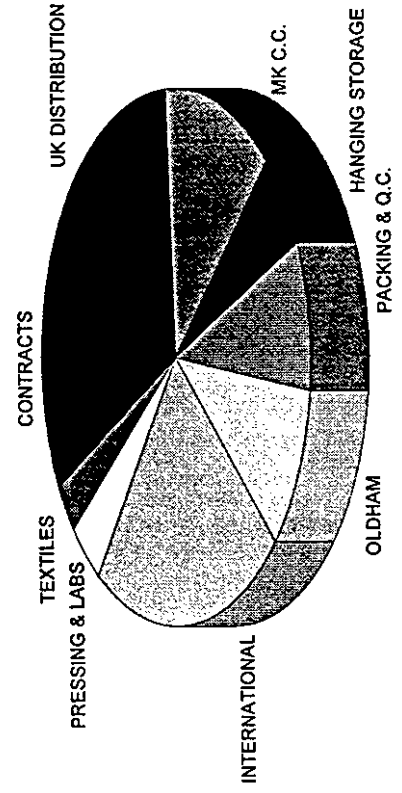
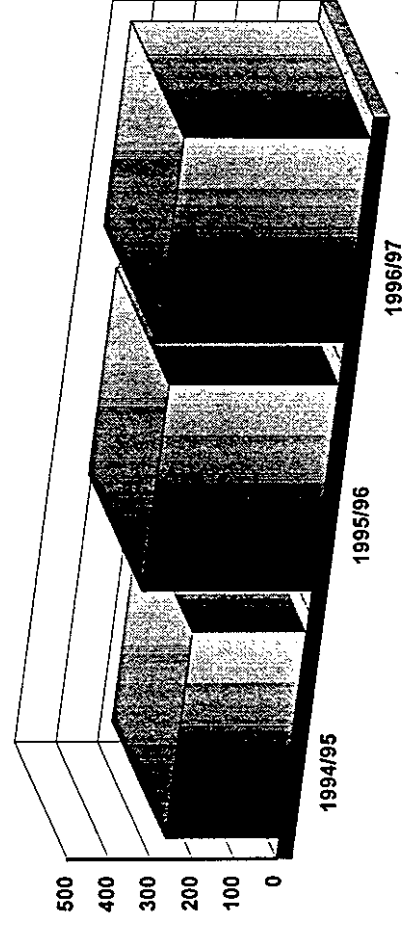
■ TURNOVER £ MILLIONS



■ PRE-TAX PROFIT £ THOUSANDS



■ EMPLOYMENT TOTALS



TURNOVER BY DEPARTMENT

## **DALY TRANSPORT SERVICES PLC**

### **Company information**

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**Directors** M J Daly, Chairman and Managing Director  
T H Rayner M A (Oxon) F C C A, Finance Director  
G A Heggie F C A, Non-Executive  
P A Woodrow, Non-Executive

**Secretary** T H Rayner M A (Oxon) F C C A

**Registered office** 20 Regent Street  
London SW1Y 4PZ

**Bankers** Barclays Bank plc  
Acorn House  
36/38 Park Royal Road  
Park Royal  
London NW10 7JA

**Auditors** BDO Stoy Hayward  
8 Baker Street  
London W1M 1DA

**Solicitors** Fox Williams  
City Gate House  
39-45 Finsbury Square  
London EC2A 1UU

**Registrars** Johnson Fry plc  
20 Regent Street  
London SW1Y 4PZ

**Company number** 1876354

## **DALY TRANSPORT SERVICES PLC**

### **Chairman's report for the year ended 31 January 1997**

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Turnover in the year ending 31 January 1997 increased by 20% to £16,037,699. This was a notable achievement given the period of restructuring and relocation that DTS endured. However, in what was also a difficult year for both the retail and logistics sectors, DTS has unfortunately to report a drop in net profits to £149,575 after restructuring costs.

In a previous review of our whole business, we stated that we had capacity problems in some of our depots, which set limits to growth. Therefore, having established a new long term agreement with one of our major retail customers, we opened a major new 82,000 sq ft export depot at Milton Keynes. This new modern equipped site enabled us not only to satisfy the 10 year growth expectations of our customer, but allowed us to move our UK distribution operation into the space released by the move at our existing Brimsdown facility in Middlesex. These two divisional moves were of the largest departments within the company and also brought about the necessity to move our hanging garment storage and vehicle workshop departments. In total, almost half of our 450 workforce moved locations which, coupled with a 20% growth, brought about its fair share of operational inefficiencies and difficulties. However, organic growth from our core blue chip customers has been of decisive importance in the year's relocation decisions which I am confident were right in the long term.

The demand on working capital during the moves was intense and the related restructuring costs were greater than originally anticipated. This, together with the pressure on margins, resulted in the disappointing year end profit figures.

The company's bankers and key suppliers maintained their support to enable DTS to meet the expected increases in working capital and with a more conservative growth plan for the year ahead, we believe that with the operational initiatives introduced, combined with stricter financial management and cost controls, we have provided a good trading platform for the year ahead.

Almost all our value added and pre-retail operations achieved a satisfactory gross margin, given the inefficiencies brought about by relocation. In the year ahead we intend concentrating on these services that achieved the highest returns, namely fabric testing laboratories, quality control, pressing and EDI replenishment picking.

Many new computer links have been set up with our core customers within the year, which further strengthened our warehousing and stock control ties. Several new mezzanine floors were, and are still being installed to facilitate the growth of our pre-retailing services, without the need to take on new outside warehousing space and associated costs. A number of new "added value" contracts have been signed in the current year, adding to our fabric storage and garment quality control portfolio.

In the transportation department of DTS, the results for the year ending 31 January were somewhat more disappointing. The UK Distribution division operates some eighty-five vehicles spread across Oldham, Leeds, Derby with Brimsdown now being the main hub. One of our core customers within the year considerably changed their volume patterns with DTS. Since this happened at a time of our relocation it caused several months of disruption.

It has been recognised that the new supply chain initiatives introduced now by many of the high street multiples, have led to smaller consignments, higher frequency and shorter, more accurate transit times.

## **DALY TRANSPORT SERVICES PLC**

### **Chairman's report for the year ended 31 January 1997 (*Continued*)**

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As ever, we have quickly responded to these trends and adjusted our vehicle fleet mix accordingly. The new night cross-docking hub at Brimsdown is bringing the benefit of time compression into the logistics cycle and therefore we anticipate a return to profitability for the UK Distribution Division early in the coming year. We are further stripping out non core transport business and focusing on contract distribution and bulk primary nominated carrier schemes. Never has the term "turnover is vanity and profit is sanity" been so applicable, so we are determined to put this original core profit department back on track.

The remainder of our fleet of one hundred vehicles and fifty trailers operates mostly within our international logistics department. This too had a tough year, but with some strong management disciplines in the mid period it began to show signs of recovery in the latter stages. We have initiated a programme of less dependency on company operated traction and greater use of owner drivers, especially for the long haul traffic into the Eastern Bloc and North Africa. This is proving to be more cost effective and offers a higher degree of control in what are still risk markets.

This is the first year that our associate Plane-Sailing Logistics Limited has contributed to the groups results adding £30,000 to the pre-tax profit. The concept of "one stop shopping" for all companies logistical needs is gathering pace along with the need for optimum methods of moving freight be it by sea, air or bi-modal via road and rail.

As in any dynamic "twenty four hours a day" business, I must praise the extreme efforts of our 30 strong management team and our 400 plus administration, warehouse and driver workforce. They too felt the vast degree of change within the year, both operationally and in lower distributions from their Profit Related Pay Scheme. This year we are spending more of our efforts on developing their skills, as after all, they are the biggest asset which the company has at its disposal. We have established a Works Council and re-launched with greater emphasis our staff suggestion schemes as well as rewarding outstanding service and commitment.

Since we advocate a policy of stable jobs for all our full time employees, we are introducing a new "agency pool" of multi-skilled staff, to accommodate the vast peaks and troughs we experience across many of our operating divisions. This is being set up as its own cost centre and is anticipated to roll out across all depots in the years to come to give us stricter financial controls on departmental staff costs as a ratio of seasonal turnover.

In the current trading year turnover has met expectations but there has been continued pressure on margins. Management are giving close attention to improving profitability in a very competitive market.

Michael Daly  
**Chairman and Managing Director**

19 May 1997

## **DALY TRANSPORT SERVICES PLC**

### **Directors' profiles**

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#### **Michael John Daly - 64% shareholder**

Michael Daly is 38 and founded the business in 1980. Prior to that he obtained an H.N.D. in Business Studies from Middlesex Polytechnic and gained short term work experience in the transport industry. He was sole proprietor of the company until its incorporation in 1985 when he became its Chairman and Managing Director, which posts he still holds.

Michael Daly now has seventeen years experience in the garment distribution industry and has built up an impressive list of customers and contacts at the highest level. He holds the R.S.A. Certificate of Professional Competence in Transport Management and in 1988 received an Industrial Achievement Award from the R.H.A.. Under his leadership, DTS has obtained recognition from all the major transport and garment trade bodies and journals and was visited by HRH The Princess Royal in Autumn 1995. He is also a member of the BKCEC and Institute of Logistics and a regular guest speaker on trade issues.

#### **Timothy Howard Rayner MA (Oxon) FCCA - 6% shareholder**

Timothy Rayner is 44 and joined DTS in 1988 as Finance Director Designate. He obtained a second class honours degree in Modern History at Keble College, Oxford University in 1973 and passed the final examinations of the Chartered Association of Certified Accountants in 1979. He has since been admitted as a fellow of the Association.

Prior to joining DTS he spent three and a half years in a senior financial position with a division of the Wincanton Transport and Distribution Group. Prior to that he worked as a Management Consultant with Coopers and Lybrand Associates and has also held accountancy positions in industry and the public sector.

Timothy Rayner has twenty years experience in finance and associated activities. In recent years he has gained considerable understanding and practical experience in the distribution industry, and holds the R.S.A. Certification of Professional Competence in Transport Management.

#### **Michael Heavey - Sales Director - Brimsdown (Non-Board Director)**

Michael Heavey is 47 and has over twenty years experience in the garment industry. The majority of this time was spent in distribution and warehousing with a brief one year spell in an associated product.

Michael Heavey began in 1977 with Tibbett & Britten and before leaving did a year's secondment to Transcare whose sole customer was Marks & Spencer.

Prior to joining DTS in 1990 he was directly involved with United Carriers, establishing their venture into the garment industry establishing a network distribution service, using its initial account of Jaeger, building this to encompass several high street retailers and numerous suppliers, using this platform to develop a warehousing operation.

## **DALY TRANSPORT SERVICES PLC**

### **Directors' profiles *(Continued)***

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#### **George Heggie ( Non-Executive) - Representing the BES 30% shareholders**

He is a consultant to Johnson Fry Finance Limited and monitors the performance of DTS on behalf of approximately 160 small BES shareholders. George Heggie has vast experience across all sectors of industry with a corporate and financial background.

#### **Peter Woodrow (Non-Executive) - Representing the BES 30% shareholders**

He is an executive of Johnson Fry Finance Limited and has been appointed to the board of DTS to monitor and advise on the buy out procedures of the BES shareholders.



## **DALY TRANSPORT SERVICES PLC**

### **Report of the directors for the year ended 31 January 1997**

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The directors present their report together with the audited financial statements for the year ended 31 January 1997.

#### **Results and dividends**

The profit and loss account is set out on page 10 and shows the profit for the year.

The directors do not recommend the payment of a dividend.

#### **Principal activity, trading review and future developments**

The principal activity of the company is that of clothing and textile storage, packing, transport and distribution. A review of the business in the year and likely future developments is given in the chairman's statement.

#### **Charitable donations**

During the year the company made charitable donations of £1,577 (1996 - £3,453).

#### **Directors**

The directors of the company during the year and their interests in the share capital of the company were:

	<b>5p 'A' ordinary shares</b>	
	<b>1997</b>	<b>1996</b>
M J Daly	1,055,680	1,055,680
T H Rayner	100,000	100,000
G A Heggie	-	-
P A Woodrow (appointed 29 November 1996)	-	-
	<hr/>	<hr/>

M J Daly also holds 9,320 5p 'A' ordinary shares in trust.

None of the directors had any interest in the 5p ordinary shares of the company.

#### **Payment to creditors**

The company agrees terms and conditions for business transactions with its suppliers. Payment is then made in accordance with these terms, subject to the terms and conditions being met by the supplier.

#### **Employment of disabled persons**

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

## **DALY TRANSPORT SERVICES PLC**

### **Report of the directors for the year ended 31 January 1997 (Continued)**

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#### **Employee involvement**

The flow of information to staff has been maintained by our staff newspaper. Members of the management team regularly visit branches and discuss matters of current interest and concern to the business with members of staff. Representatives of each branch meet regularly on a works council. Staff share in the success of the business through an Inland Revenue approved profit related pay scheme.

#### **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 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; and
- 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditors**

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

#### **By order of the Board**

T H Rayner

Secretary



19 May 1997

# DALY TRANSPORT SERVICES PLC

## Report of the auditors

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### To the shareholders of Daly Transport Services Plc

We have audited the financial statements on pages 10 to 24 which have been prepared under the accounting policies set out on pages 14 and 15.

#### *Respective responsibilities of directors and auditors*

As described on page 8 the company's directors are responsible for the preparation of the 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 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 affairs of the company and the group as at 31 January 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**BDO STOY HAYWARD**  
*Chartered Accountants  
and Registered Auditors*  
London

19 May 1997

**DALY TRANSPORT SERVICES PLC****Consolidated profit and loss account for the year ended 31 January 1997**

	Note	1997 £	1996 £
Turnover	2	16,037,699	13,344,968
Cost of sales		11,654,642	9,762,964
		<hr/>	<hr/>
Gross profit		4,383,057	3,582,004
Administrative costs		3,972,366	3,071,548
		<hr/>	<hr/>
Operating profit		410,691	510,456
Profit on sale of fixed assets		855	19,450
		<hr/>	<hr/>
Profit on ordinary activities before interest		411,546	529,906
Income from interests in associated undertakings		30,000	-
Interest receivable		316	2,128
Interest payable	4	292,287	213,654
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	149,575	318,380
Taxation on profits on ordinary activities	7	42,576	34,916
		<hr/>	<hr/>
Retained profit for the year	16	106,999	283,464
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 13 to 24 form part of these financial statements

# DALY TRANSPORT SERVICES PLC

## Consolidated balance sheet at 31 January 1997

	Note	1997	1996
		£	£
<b>Fixed assets</b>			
Tangible assets	8	4,281,427	3,540,686
Investments	9	27,500	5,000
		<u>4,308,927</u>	<u>3,545,686</u>
<b>Current assets</b>			
Debtors	10	3,000,457	3,216,620
Cash at bank and in hand		<u>28,526</u>	<u>345,002</u>
		3,028,983	3,561,622
<b>Creditors: amounts falling due within one year</b>	11	<u>4,051,461</u>	<u>4,430,190</u>
<b>Net current liabilities</b>		<u>(1,022,478)</u>	<u>(868,568)</u>
<b>Total assets less current liabilities</b>		3,286,449	2,677,118
<b>Creditors: amounts falling due after more than one year</b>	12	1,575,356	1,073,024
<b>Provision for liabilities and charges</b>			
Deferred taxation	13	<u>65,000</u>	<u>65,000</u>
		1,640,356	1,138,024
		<u>1,646,093</u>	<u>1,539,094</u>
<b>Capital and reserves</b>			
Called up share capital - equity	14	83,250	83,250
Share premium account	15	413,670	413,670
Profit and loss account	16	1,149,173	1,042,174
		<u>1,646,093</u>	<u>1,539,094</u>

The financial statements were approved by the Board on 19 May 1997

The notes on pages 13 to 24 form part of these financial statements

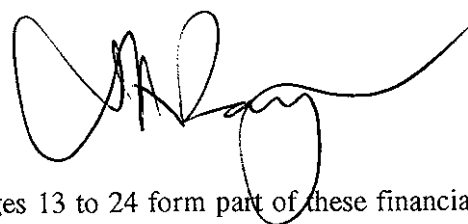
# DALY TRANSPORT SERVICES PLC

## Balance sheet at 31 January 1997

	Note	£	1997 £	£	1996 £
<b>Fixed assets</b>					
Tangible assets	8		4,281,427		3,540,686
Investments	9		5,200		5,200
			<u>4,286,627</u>		<u>3,545,886</u>
<b>Current assets</b>					
Debtors	10	3,000,457		3,216,620	
Cash at bank and in hand		<u>28,526</u>		<u>345,002</u>	
			3,028,983	3,561,622	
<b>Creditors: amounts falling due within one year</b>	11	<u>4,051,661</u>		<u>4,430,390</u>	
<b>Net current liabilities</b>			(1,022,678)		(868,768)
<b>Total assets less current liabilities</b>			3,263,949		2,677,118
<b>Creditors: amounts falling due after more than one year</b>	12	1,575,356		1,073,024	
<b>Provisions for liabilities and charges</b>					
Deferred taxation	13	<u>65,000</u>		<u>65,000</u>	
			1,640,356		1,138,024
			<u>1,623,593</u>		<u>1,539,094</u>
<b>Capital and reserves</b>					
Called up share capital - equity	14		83,250		83,250
Share premium account	15		413,670		413,670
Profit and loss account	16		1,126,673		1,042,174
			<u>1,623,593</u>		<u>1,539,094</u>

The financial statements were approved by the Board on 19 May 1997

T H Rayner  
Director



The notes on pages 13 to 24 form part of these financial statements

# DALY TRANSPORT SERVICES PLC

## Consolidated cash flow statement for the year ended 31 January 1997

	Note	1997	1996
		£	£
<b>Net cash inflow from operating activities</b>	19	1,753,885	753,340
<b>Returns on investments and servicing of finance</b>			
Interest received		316	2,128
Interest paid		(147,121)	(109,065)
Interest on hire purchase agreements		(145,166)	(104,589)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(291,971)	(211,526)
<b>Taxation</b>			
Corporation tax paid		(33,641)	(20,394)
<b>Investing activities</b>			
Payments to acquire tangible fixed assets		(508,883)	(636,765)
Receipts from sales of tangible fixed assets		29,715	130,840
<b>Net cash outflow from investing activities</b>		(479,168)	(505,925)
<b>Net cash inflow before financing</b>		949,105	15,495
<b>Financing</b>			
Capital element of hire purchase agreements repaid	21	(713,843)	(656,772)
<b>Net cash outflow from financing</b>		(713,843)	(656,772)
<b>Increase/(decrease) in cash and cash equivalents</b>	20	235,262	(641,277)

The notes on pages 13 to 24 form part of these financial statements

# DALY TRANSPORT SERVICES PLC

Notes forming part of the financial statements for the year ended 31 January 1997

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## 1 Accounting policies

There have been no changes in accounting policies during the year.

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and using the following accounting policies:

### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of Daly Transport Services Plc and all of its subsidiary and associated undertakings made up to 31 January 1997.

The acquisition method of accounting is used to consolidate the results of subsidiary undertakings.

### *Goodwill*

Goodwill arising on consolidation is set off in full against reserves in the year in which it arises.

### *Associated undertakings*

A company is treated as an associated undertaking when the group holds a substantial interest in it for the long term, and exercises significant influence over its operating and financial policy decisions.

The group's share of the results of associated undertakings is included in the consolidated profit and loss account using the equity method of accounting. The investment in associated undertakings included in the consolidated balance sheet is based on the group's share of the net assets of associated undertakings, together with any premium or discount arising on acquisition, less amounts written off. Any premium on acquisition is dealt with as if it were goodwill.

### *Turnover*

Turnover represents sales to outside customers at invoiced amounts less value added tax.

### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rates:

Leasehold premises and improvements	- over length of lease
Motor vehicles	- 12½% - 25% per annum
Fixtures, fittings and equipment	- 10% - 25% per annum

### *Deferred taxation*

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.



# DALY TRANSPORT SERVICES PLC

Notes forming part of the financial statements for the year ended 31 January 1997 (*Continued*)

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## 1 Accounting policies (*Continued*)

### *Foreign currencies*

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

### *Pension costs*

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year they become payable.

### *Leased assets*

Where assets are financed by hire purchase agreements, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the hire purchase payments to be made under the agreement. The corresponding creditor is shown as amounts payable under hire purchase agreements. Depreciation on the relevant assets is charged to the profit and loss account.

Hire purchase payments are split between capital and interest using either the straight line method or with reference to the actual amounts payable under each category. The interest is charged to the profit and loss account. The capital part reduces the amounts payable under hire purchase agreements.

All other leases are treated as operating leases. Their rentals are charged to the profit and loss account on a straight line basis over the lease term.

## 2 Turnover and profits

The turnover and profit before taxation is attributable to clothing and textile storage, packing, transport and distribution, originating in the United Kingdom.

Turnover is analysed below:

	1997 £	1996 £
United Kingdom	14,139,188	11,623,744
Europe and North Africa	1,898,511	1,721,224
	<hr/>	<hr/>
	16,037,699	13,344,968
	<hr/>	<hr/>

No analysis of net assets, as required by SSAP 25: Segmental Reporting, has been given as all the group's activities are based within the United Kingdom.

## DALY TRANSPORT SERVICES PLC

Notes forming part of the financial statements for the year ended 31 January 1997 (Continued)

### 3 Employees

	1997 £	1996 £
Staff costs (excluding directors) consist of:		
Wages and salaries	5,946,066	5,001,673
Social security costs	548,350	473,037
Other pension costs	40,086	31,014
	<u>6,534,502</u>	<u>5,505,724</u>
The average monthly number of employees (excluding directors) during the year was as follows:	Number	Number
Production and sales	391	385
Office and management	25	22
	<u>416</u>	<u>407</u>

The 1997 average monthly employee numbers reflect a change in the treatment of part-time and temporary employees.

### 4 Interest payable

	1997 £	1996 £
Bank loans and overdrafts	128,900	100,488
Hire purchase interest	145,166	104,589
Other interest	18,221	8,577
	<u>292,287</u>	<u>213,654</u>

### 5 Profit on ordinary activities before taxation

This is arrived at after charging/(crediting):		
Depreciation	1,101,746	700,957
Auditors' remuneration		
- audit fees	15,000	13,000
- non-audit services	14,281	6,118
Rates rebate	-	(175,277)
Operating lease rentals - plant and machinery	322,470	392,486
- land and buildings	699,723	571,003
	<u></u>	<u></u>

## DALY TRANSPORT SERVICES PLC

Notes forming part of the financial statements for the year ended 31 January 1997 (*Continued*)

### 6 Directors' emoluments

	1997 £	1996 £
Remuneration	144,369	126,977
Pension contributions	9,329	5,668
	<u>153,698</u>	<u>132,645</u>
Emoluments (excluding pension contributions) of:		
Chairman and highest paid director	<u>88,447</u>	<u>75,058</u>
The number of other directors whose emoluments (excluding pension contributions) fall in the following ranges was:		
	Number	Number
£ 0 - £ 5,000	2	1
£ 55,001 - £ 60,000	1	1

A further £6,000 (1996 - £6,000) was paid to Johnson Fry Corporate Monitoring Services Limited for the consultancy services of G A Heggie.

### 7 Taxation on profits from ordinary activities

	1997 £	1996 £
U.K. corporation tax at 25% (1996 - 25%) based on profit for the year	35,076	33,364
Underprovision in prior years	-	1,552
Share of associated undertaking's tax charge	7,500	-
	<u>42,576</u>	<u>34,916</u>

# DALY TRANSPORT SERVICES PLC

Notes forming part of the financial statements for the year ended 31 January 1997 (*Continued*)

## 8 Tangible assets

Group and company	Short leasehold premises and improvements £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>				
At beginning of year	235,944	3,585,697	2,001,242	5,822,883
Additions	104,181	905,436	861,627	1,871,244
Disposals	-	(78,978)	(41,556)	(120,534)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	340,125	4,412,155	2,821,313	7,573,593
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	91,706	1,436,282	754,209	2,282,197
Provided for the year	21,851	743,305	336,487	1,101,643
Disposals	-	(62,812)	(28,862)	(91,674)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	113,557	2,116,775	1,061,834	3,292,166
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 January 1997	226,568	2,295,380	1,759,479	4,281,427
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 1996	144,238	2,149,415	1,247,033	3,540,686
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £2,722,874 (1996 - £1,944,084) in respect of vehicles and equipment held under hire purchase agreements.

Depreciation includes £620,256 (1996 - £335,983) charged on assets held under hire purchase agreements.

	Group and company 1997 £	1996 £
Commitments for capital expenditure:		
Contracted but not provided for	325,000	932,000
	<hr/>	<hr/>

# DALY TRANSPORT SERVICES PLC

Notes forming part of the financial statements for the year ended 31 January 1997 (*Continued*)

## 9 Fixed asset investments

<b>Group</b>		<b>Associated undertaking £</b>		
<i>Cost</i>				
At beginning and at end of year		5,000		
		<hr/>		
<i>Share of retained profits</i>				
Profit for the year and at end of year		22,500		
		<hr/>		
<i>Total</i>				
At end of year		27,500		
		<hr/> <hr/>		
<b>Company</b>		<b>Subsidiary undertakings £</b>	<b>Associated undertaking £</b>	<b>Total £</b>
<i>Cost</i>				
At beginning and at end of year		200	5,000	5,200
		<hr/>	<hr/>	<hr/>

The following were subsidiary and associated undertakings at the end of the year.

<b>Name</b>	<b>Country of registration and operation</b>	<b>Proportion of ordinary share capital held</b>	<b>Nature of business</b>
DTS (Textiles) Limited	England	100%	Dormant
DT Services Limited	England	100%	Dormant
Plane-Sailing Logistics Limited	England	30%	Freight forwarding

# DALY TRANSPORT SERVICES PLC

Notes forming part of the financial statements for the year ended 31 January 1997 (Continued)

## 10 Debtors

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Trade debtors	2,354,852	2,766,222	2,354,852	2,766,222
Amount due from associated undertaking	87,134	19,866	87,134	19,866
Other debtors	102,392	56,699	102,392	56,699
Prepayments and accrued income	456,079	373,833	456,079	373,833
	<u>3,000,457</u>	<u>3,216,620</u>	<u>3,000,457</u>	<u>3,216,620</u>

All amounts shown under debtors fall due for payment within one year.

## 11 Creditors: amounts falling due within one year

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank overdraft and secured loan	1,059,378	1,611,116	1,309,378	1,611,116
Trade creditors	1,143,227	1,551,234	1,143,227	1,551,234
Amount owed to subsidiary undertaking	-	-	200	200
Other creditors	50,993	77,786	50,993	77,786
Other loan	250,000	-	-	-
Taxation and social security	426,847	350,927	426,847	350,927
Corporation tax	34,799	33,364	34,799	33,364
Obligations under hire purchase agreements	707,487	561,301	707,487	561,301
Accruals	378,730	244,462	378,730	244,462
	<u>4,051,461</u>	<u>4,430,190</u>	<u>4,051,661</u>	<u>4,430,390</u>

The loan is secured on trade debtors.

## 12 Creditors: amounts falling due after more than one year

Obligations under hire purchase agreements, all of which fall due within 2 to 5 years	1,575,356	1,073,024	1,575,356	1,073,024
	<u>1,575,356</u>	<u>1,073,024</u>	<u>1,575,356</u>	<u>1,073,024</u>

# DALY TRANSPORT SERVICES PLC

Notes forming part of the financial statements for the year ended 31 January 1997 (*Continued*)

## 13 Deferred taxation

Group and company	1997		1996	
	Unprovided £	Provided in accounts £	Unprovided £	Provided in accounts £
Accelerated capital allowances	190,000	65,000	189,000	65,000

## 14 Share capital

	1997 £	1996 £
<i>Authorised</i>		
1,165,000 'A' ordinary shares of 5p each	58,250	58,250
835,000 Ordinary shares of 5p each	41,750	41,750
	<u>100,000</u>	<u>100,000</u>
<i>Allotted, called up and fully paid</i>		
1,165,000 'A' ordinary shares of 5p each	58,250	58,250
500,000 Ordinary shares of 5p each	25,000	25,000
	<u>83,250</u>	<u>83,250</u>

Johnson Fry Corporate Finance Limited have an option exercisable before 2 March 1999 to subscribe for up to 5% of the issued ordinary shares, excluding the 'A' ordinary shares, at a price of £1 per share.

## 15 Share premium account

	1997 £	1996 £
<b>Group and company</b>		
At beginning and at end of year	<u>413,670</u>	<u>413,670</u>

## DALY TRANSPORT SERVICES PLC

Notes forming part of the financial statements for the year ended 31 January 1997 (*Continued*)

### 16 Profit and loss account

	Group £	Company £
At beginning of year	1,042,174	1,042,174
Profit for year	106,999	84,499
	<hr/>	<hr/>
At end of year	1,149,173	1,126,673
	<hr/>	<hr/>

The company has taken advantage of the exemption allowed under Section 230(3) of the Companies Act 1985 from presenting its own profit and loss account. The profit for the year available for distribution dealt within the financial statements of the company was £84,499 (1996 - £283,464).

### 17 Operating lease commitments

As at 31 January 1997, the group and company had annual commitments under non-cancellable operating leases as set out below:

	Land and building £	Other £	Total £
Lease expiry dates			
1999 - 2002	333,961	146,474	480,435
2005 and later	663,515	151,915	815,430
	<hr/>	<hr/>	<hr/>
	997,476	298,389	1,295,865
	<hr/>	<hr/>	<hr/>

### 18 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.



# DALY TRANSPORT SERVICES PLC

Notes forming part of the financial statements for the year ended 31 January 1997 (Continued)

## 19 Reconciliation of operating profit to net cash inflow from operating activities

	1997 £	1996 £
Operating profit	410,691	510,456
Depreciation charges	1,101,643	700,957
Decrease/(increase) in debtors	216,163	(1,396,301)
Increase in creditors	25,388	938,228
	<hr/>	<hr/>
Net cash inflow from operating activities	1,753,885	753,340
	<hr/>	<hr/>

## 20 Analysis of changes in cash and cash equivalents

	Cash at bank and in hand £	Bank overdraft and secured loan £	Total £
<i>Movements in 1995/1996</i>			
At beginning of year	13,462	(638,299)	(624,837)
Net cash inflow/(outflow)	331,540	(972,817)	(641,277)
	<hr/>	<hr/>	<hr/>
At end of year	345,002	(1,611,116)	(1,266,114)
	<hr/>	<hr/>	<hr/>
<i>Movements in 1996/1997</i>			
At beginning of year	345,002	(1,611,116)	(1,266,114)
Net cash inflow/(outflow)	(316,476)	551,738	235,262
	<hr/>	<hr/>	<hr/>
At end of year	28,526	(1,059,378)	(1,030,852)
	<hr/>	<hr/>	<hr/>

## DALY TRANSPORT SERVICES PLC

Notes forming part of the financial statements for the year ended 31 January 1997 (Continued)

### 21 Analysis of changes in financing during the year

	Hire purchase agreements	
	1997	1996
	£	£
At beginning of year	1,634,325	895,883
Capital element of hire purchase agreements repaid	(713,843)	(656,772)
Inception of hire purchase agreements	1,362,361	1,395,214
	<hr/>	<hr/>
At end of year	2,282,843	1,634,325
	<hr/>	<hr/>

### 22 Major non-cash transactions

During the year the group purchased tangible fixed assets of £1,362,361 (1996 - £1,395,214) under hire purchase agreements.

### 23 Contingent liabilities

At 31 January 1997, there was an outstanding writ issued in 1993 against the company by a customer, now in receivership, claiming damages of £232,126 for alleged wrongful disposal of that customer's stock. On legal advice, the directors are of the opinion that the claim is of no substance and accordingly have made no provision in the financial statements.