

**REGISTRAR OF
COMPANIES**

DTS Logistics Plc

Report and Financial Statements

Year Ended

31 January 2000



BDO Stoy Hayward
Chartered Accountants

DTS LOGISTICS PLC

Annual report and financial statements for the year ended 31 January 2000

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DTS LOGISTICS PLC

Company information

Directors	M J Daly, Chairman and Managing Director T H Rayner M A (Oxon) F C C A, Finance Director M Heavey, Business Development Director G A Heggie F C A, Non-Executive M Burbage, Non-Executive
Secretary	T H Rayner M A (Oxon) F C C A
Registered office	Cranford Industrial Estate Tottenham Lane London N8 7EE
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	Badger Hakim Secretaries Limited 10 Dover Street London W1X 3PH
Company number	1876354

DTS LOGISTICS PLC

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of the company will be held at Cranford Industrial Estate, Tottenham Lane, on 28 July 2000 at 11.00am for the transaction of the following business:

- 1 To receive and adopt the directors' report and accounts for the year ended 31 January 2000.
- 2 To reappoint M Heavey who retires by rotation in accordance with Article 103 of the company's Articles of Association.
- 3 To reappoint M Burbage who was appointed a director since the last Annual General Meeting.
- 4 To reappoint BDO Stoy Hayward as auditors in accordance with Section 385 of the Companies Act 1985, to hold office from the conclusion of the 2000 Annual General Meeting until the conclusion of the 2001 Annual General Meeting.
- 5 To authorise the directors to fix the remuneration of the auditors.

By order of the Board

T H Rayner

Secretary

14th June 2000

Registered office:

Cranford Industrial Estate
Tottenham Lane
London
N8 7EE

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her.

A proxy need not be a member of the company.

A form of proxy is enclosed.

DTS LOGISTICS PLC

Chairman's report for the year ended 31 January 2000

This has been the most disappointing year in our 20 years of trading. Although turnover was slightly up to £17.6m (1999 - £17.02m) we have recorded a pre-tax loss brought about by several major issues, both internally and externally. I need not say too much about the harsh fashion retail environment which has been well publicised in national papers as evidenced by the closure of over 100 C&A stores in the United Kingdom. Many retailers have reported losses or dramatic reductions in profits. This has brought about tough competition and price sensitivity amongst both retail and manufacturing clients.

Also during the year, through no fault of our own, we have lost several major contracts, namely Co-op Retail Services (CRS), Hamells Ladieswear as well as the disposal of Sears Womenswear and more recently BHS. This in turn has caused some internal restructuring which has led to both redundancy and reorganisation costs. We have also seen an increase in bad debts and claims as our customers have felt the effects of the difficult trading conditions.

Net current liabilities have increased from £643,000 to £956,000, reflecting both reduced profits and higher short term borrowing. However, long term borrowing fell by £775,000 as significant amounts of outstanding finance on our vehicle fleet have been paid off.

To replace the CRS contract in Oldham, we have accelerated the launch of the DTS Processing Limited operation which, as anticipated, showed losses in its first year of trading. This has been the first year when the results of DTS Processing Limited and our Dutch subsidiary DTS Logistics BV have been consolidated. I am pleased to say that DTS Logistics BV has shown a small profit in its first year of trading after formation expenses.

We have attempted to keep costs under control with no basic pay increases for managers or directors in the last year as well as a supplier rationalisation programme and a reduction in capital expenditure to only £346,000 in the whole year. Nevertheless, group administration expenses increased by £543,000, up from 30.7% of sales to 32.8%. This was brought about by considerable increases resulting from 5 year rent reviews at several depots, as well as rises in local authority rates, and additional expenditure on IT due to Year 2000 preparations and new warehouse management systems.

I am deeply disappointed with this result knowing how hard all our staff have worked over this last year. However, much scrutinisation of our operation is currently under way and although our new financial year has opened in a very harsh environment, I hope to see much recovery in the year ahead.

On a brighter note, we have secured several new contracts for the forthcoming year including a new warehousing operation in Middleton, Greater Manchester, with the department store Liberty. We have re - focussed some of our trading divisions, such as textile storage and international logistics and begun a slight diversification programme into other commodities in the importing and retailing arena.

We also brought further logistics experience onto the Board with the appointment of Michael Burbage as a non-executive director. He was most recently managing director of Wincanton Distribution and a member of the Executive of Unigate Plc.

Michael Daly
Chairman and Managing Director

14th June 2000

DTS LOGISTICS PLC

Report of the directors for the year ended 31 January 2000

The directors present their report together with the audited financial statements for the year ended 31 January 2000.

Results and dividends

The profit and loss account is set out on page 8 and shows the loss 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 £5,015 (1999 - £2,734).

Year 2000

The directors recognised the Year 2000 problem as a potentially serious business issue. They considered the risks and implications not just across the group but also as a result of the systems of major customers and suppliers not being Year 2000 compliant. At the beginning of the year, the majority of the company's computer systems and associated software were already Year 2000 compliant. Where problems were identified, upgrading or replacement took place with a significant proportion of these costs being covered by existing maintenance contracts. Additional cost not covered by existing contracts did not exceed annual spending levels for ongoing renewal and maintenance expenditure.

Since the end of 1999 no problems have been experienced by the company. The board, however, is continuing to monitor the issue both internally and externally.

Directors

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

	5p Ordinary shares		5p 'A' ordinary shares	
	2000	1999	2000	1999
M J Daly	37,500	19,000	1,055,680	1,055,680
T H Rayner	5,500	3,000	100,000	100,000
G A Heggie	-	-	-	-
M Heavey	4,000	4,000	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Subsequent to 31 January 2000, on 14 June 2000, M Burbage was also appointed a director.

DTS LOGISTICS PLC

Report of the directors for the year ended 31 January 2000 (*Continued*)

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.

The number of days purchases represented by creditors is 48 days.

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.

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. The company has continued to implement a profit sharing scheme following the government's phased withdrawal of PRP.

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 group and of the profit or loss of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DTS LOGISTICS PLC

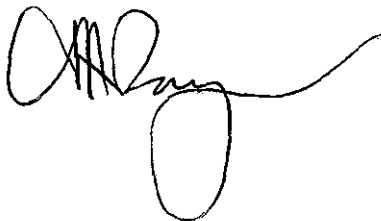
Report of the directors for the year ended 31 January 2000 *(Continued)*

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.

On behalf of the Board

T H Rayner

A handwritten signature in black ink, appearing to be 'T H Rayner', with a large, stylized loop at the end.

Secretary

14th June 2000

DTS LOGISTICS PLC

Report of the auditors

To the shareholders of DTS Logistics Plc

We have audited the financial statements on pages 8 to 25 which have been prepared under the accounting policies set out on pages 13 and 14.

Respective responsibilities of directors and auditors

As described on page 5 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 group'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 at 31 January 2000 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors
London*

14th June 2000

DTS LOGISTICS PLC**Consolidated profit and loss account for the year ended 31 January 2000**

	Note	2000 £	1999 £
Turnover	2	17,609,896	17,020,141
Cost of sales		12,206,613	11,435,583
Gross profit		5,403,283	5,584,558
Administrative expenses		5,775,759	5,232,637
Operating (loss)/profit	3	(372,476)	351,921
Profit on sale of fixed assets		17,498	75,928
(Loss)/profit on ordinary activities before interest		(354,978)	427,849
Interest receivable		903	715
Interest payable and similar charges	5	290,493	319,891
(Loss)/profit on ordinary activities before taxation		(644,568)	108,673
Taxation on (loss)/profit from ordinary activities	7	(30,000)	68,760
(Loss)/profit on ordinary activities after taxation		(614,568)	39,913
Minority interest		(1,750)	-
Retained (loss)/profit	16	(616,318)	39,913

All amounts relate to continuing activities.

The notes on pages 13 to 25 form part of these financial statements

DTS LOGISTICS PLC

Consolidated statement of total recognised gains and losses and movement in shareholders' funds for the year ended 31 December 2000

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
(Loss)/profit for the financial year	(616,318)	39,913	(621,036)	39,913
Currency translation differences on foreign currency net investments	(1,507)	-	-	-
Total recognised (losses)/profits relating to the year	(617,825)	39,913	(621,036)	39,913
Opening shareholders' funds	1,900,751	1,860,838	1,878,251	1,838,338
Closing shareholders' funds	1,282,926	1,900,751	1,257,215	1,878,251

The notes on pages 13 to 25 form part of these financial statements

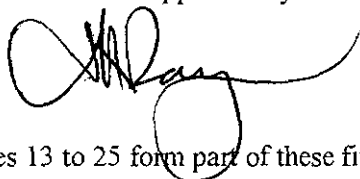
DTS LOGISTICS PLC

Consolidated balance sheet at 31 January 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	8	2,719,924	3,829,592
Investments	9	27,500	27,500
		<hr/>	<hr/>
		2,747,424	3,857,092
Current assets			
Debtors	10	3,896,050	3,047,079
Cash at bank and in hand		<u>49,747</u>	<u>20,916</u>
		3,945,797	3,067,995
Creditors: amounts falling due within one year	11	<u>4,902,295</u>	<u>3,710,990</u>
Net current liabilities		(956,498)	(642,995)
		<hr/>	<hr/>
Total assets less current liabilities		1,790,926	3,214,097
Creditors: amounts falling due after more than one year	12	473,296	1,248,346
Provision for liabilities and charges			
Deferred taxation	13	<u>30,000</u>	<u>65,000</u>
		503,296	1,313,346
		<hr/>	<hr/>
		1,287,630	1,900,751
		<hr/>	<hr/>
Capital and reserves			
Called up share capital - equity	14	83,250	83,250
Share premium account	15	413,670	413,670
Profit and loss account	16	786,006	1,403,831
		<hr/>	<hr/>
Shareholders' funds - all equity		1,282,926	1,900,751
Minority interest (equity)		4,704	-
		<hr/>	<hr/>
		1,287,630	1,900,751
		<hr/>	<hr/>

The financial statements were approved by the Board on 14th June 2000

T H Rayner
Director



The notes on pages 13 to 25 form part of these financial statements

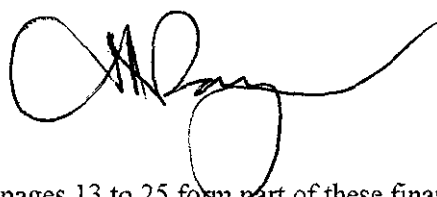
DTS LOGISTICS PLC

Balance sheet at 31 January 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	8	2,591,510	3,829,592
Investments	9	17,015	5,200
		<u>2,608,525</u>	<u>3,834,792</u>
Current assets			
Debtors	10	3,781,490	3,047,079
Cash at bank and in hand		<u>17,160</u>	<u>20,916</u>
		3,798,650	3,067,995
Creditors: amounts falling due within one year	11	<u>4,646,664</u>	<u>3,711,190</u>
Net current liabilities		(848,014)	(643,195)
Total assets less current liabilities		<u>1,760,511</u>	<u>3,191,597</u>
Creditors: amounts falling due after more than one year	12	473,296	1,248,346
Provisions for liabilities and charges			
Deferred taxation	13	<u>30,000</u>	<u>65,000</u>
		503,296	1,313,346
		<u>1,257,215</u>	<u>1,878,251</u>
Capital and reserves			
Called up share capital - equity	14	83,250	83,250
Share premium account	15	413,670	413,670
Profit and loss account	16	760,295	1,381,331
		<u>1,257,215</u>	<u>1,878,251</u>
Shareholders' funds - all equity		<u>1,257,215</u>	<u>1,878,251</u>

The financial statements were approved by the Board on 14th June 2000

T H Rayner
Director



The notes on pages 13 to 25 form part of these financial statements

DTS LOGISTICS PLC

Consolidated cash flow statement for the year ended 31 January 2000

	Note	2000 £	1999 £
Net cash inflow from operating activities	18	857,955	1,442,339
Returns on investments and servicing of finance	19	(289,590)	(319,176)
Taxation	19	(70,039)	(63,539)
Capital expenditure	19	(160,163)	(164,329)
		<u>338,163</u>	<u>895,275</u>
Financing	19	(309,332)	(809,426)
Increase in cash		<u>28,831</u>	<u>85,849</u>
		<u>£</u>	<u>£</u>
Reconciliation of net cash flow to movement in net debt	Note	2000 £	1999 £
Increase in cash		28,831	85,849
Net loan advances from finance house		(603,298)	(239,882)
Capital repaid on hire purchase/loan agreements	19	914,077	1,049,218
New finance leases	20,21	(37,323)	(451,988)
Change in net debt		<u>302,287</u>	<u>443,307</u>
Net debt at beginning of year	20	(3,043,212)	(3,486,519)
Net debt at end of year	20	<u>(2,740,925)</u>	<u>(3,043,212)</u>

The notes on pages 13 to 25 form part of these financial statements

1 Accounting policies

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 DTS Logistics Plc and its subsidiary and associated undertakings made up to 31 January 2000.

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

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:

Short 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.

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.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchanging ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, which, to the extent that they are used to finance or provide a hedge against foreign equity investments, are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

Pension costs

The company contributes to the personal defined contribution pension schemes of certain individual employees. These contributions are charged to the profit and loss account in the year they become payable.

Leased assets

Where assets are financed by hire purchase agreements that give rights approximating to ownership, 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 components. The interest element of the payment is charged to the profit and loss account over the period of the agreement and is calculated so that it represents a constant proportion of the balances of capital repayments outstanding. The capital element reduces the amounts payable under hire purchase agreements.

Leases which do not give rights approximating to ownership are treated as operating leases. Their rentals are charged to the profit and loss account on a straight line basis over the lease term.

DTS LOGISTICS PLC

Notes forming part of the financial statements for the year ended 31 January 2000 (Continued)

2 Turnover and profits

The turnover and profit before taxation is attributable to clothing and textile storage, packing, transport and distribution.

Turnover is analysed below:

	2000 £	1999 £
United Kingdom	14,354,167	15,137,965
Europe and North Africa	3,255,729	1,882,176
	<u>17,609,896</u>	<u>17,020,141</u>

No analysis of net assets, as required by SSAP 25: Segmental Reporting, has been given as the group's activities are predominately based within the United Kingdom. Group net assets within trading activities outside the United Kingdom amount to £20,030.

3 Operating (loss)/profit

	2000 £	1999 £
This is arrived at after charging:		
Depreciation	1,324,652	1,301,904
Auditors' remuneration - audit fees	24,000	23,000
- non-audit services	-	6,133
Operating lease rentals - plant and machinery	189,639	219,715
- land and buildings	1,080,842	958,478
	<u>2,629,133</u>	<u>2,509,230</u>

4 Employees

Staff costs (excluding directors) consist of:

Wages and salaries	6,637,081	6,692,980
Social security costs	574,146	629,890
Other pension costs	74,066	47,803
	<u>7,285,293</u>	<u>7,370,673</u>

DTS LOGISTICS PLC

Notes forming part of the financial statements for the year ended 31 January 2000 (Continued)

4	Employees (Continued)	2000 Number	1999 Number
	The average monthly number of employees (excluding directors) during the year was as follows:		
	Production and sales	438	422
	Office and management	27	27
		<hr/>	<hr/>
		465	449
		<hr/>	<hr/>
5	Interest payable and similar charges	£	£
	Bank loans and overdrafts	113,580	119,957
	Hire purchase interest	165,253	190,474
	Other interest	11,660	9,460
		<hr/>	<hr/>
		290,493	319,891
		<hr/>	<hr/>
6	Directors' emoluments		
	Remuneration	241,984	219,594
	Pension contributions	18,902	15,030
		<hr/>	<hr/>
		260,886	234,624
		<hr/>	<hr/>
	Emoluments in respect of highest paid director	£	
	Remuneration	119,516	
	Pension contributions	11,500	
		<hr/>	
		131,016	
		<hr/>	
	The number of directors in pension schemes was:	Number	Number
	Defined contribution schemes	3	3
		<hr/>	<hr/>

A further £4,000 (1999 - £4,500) was paid to Private Investors Monitoring Services Limited for the consultancy services of G A Heggie.

The directors did not receive a basic pay increase during the year. The increase in directors' remuneration is due to a full year's charge in respect of Mr M Heavey (1999 - 9.33 months) and increased benefits in kind due to the effects of increased Inland Revenue assessments on new motor cars.

DTS LOGISTICS PLC

Notes forming part of the financial statements for the year ended 31 January 2000 (Continued)

7 Taxation on profits from ordinary activities

	2000 £	1999 £
UK corporation tax based on loss for the year	5,000	70,039
Overprovision in prior years	-	(1,279)
Transfer from deferred taxation account	(35,000)	-
	<u>(30,000)</u>	<u>68,760</u>

8 Tangible assets

Group	Short leasehold premises and improvements £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>				
At beginning of year	357,631	4,831,052	3,701,381	8,890,064
Additions	2,500	31,765	311,355	345,620
Disposals	-	(509,240)	(32,823)	(542,063)
	<u>360,131</u>	<u>4,353,577</u>	<u>3,979,913</u>	<u>8,693,621</u>
<i>At end of year</i>				
	<u>360,131</u>	<u>4,353,577</u>	<u>3,979,913</u>	<u>8,693,621</u>
<i>Depreciation</i>				
At beginning of year	180,895	2,928,186	1,951,391	5,060,472
Provided for the year	33,200	760,324	531,128	1,324,652
Disposals	-	(401,861)	(9,566)	(411,427)
	<u>214,095</u>	<u>3,286,649</u>	<u>2,472,953</u>	<u>5,973,697</u>
<i>At end of year</i>				
	<u>214,095</u>	<u>3,286,649</u>	<u>2,472,953</u>	<u>5,973,697</u>
<i>Net book value</i>				
At 31 January 2000	<u>146,036</u>	<u>1,066,928</u>	<u>1,506,960</u>	<u>2,719,924</u>
At 31 January 1999	<u>176,736</u>	<u>1,902,866</u>	<u>1,749,990</u>	<u>3,829,592</u>

DTS LOGISTICS PLC

Notes forming part of the financial statements for the year ended 31 January 2000 (Continued)

8 Tangible assets (Continued)

Company	Short leasehold premises and improvements £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>				
At beginning of year	357,631	4,831,052	3,701,381	8,890,064
Additions	-	31,765	159,314	191,079
Disposals	-	(509,240)	(32,823)	(542,063)
At end of year	357,631	4,353,577	3,827,872	8,539,080
<i>Depreciation</i>				
At beginning of year	180,895	2,928,186	1,951,391	5,060,472
Provided for the year	32,972	760,324	505,229	1,298,525
Disposals	-	(401,861)	(9,566)	(411,427)
At end of year	213,867	3,286,649	2,447,054	5,947,570
<i>Net book value</i>				
At 31 January 2000	143,764	1,066,928	1,380,818	2,591,510
At 31 January 1999	176,736	1,902,866	1,749,990	3,829,592

The net book value of tangible fixed assets for the group and company includes an amount of £1,478,084 (1999 - £2,261,536) in respect of vehicles and equipment held under hire purchase agreements.

Depreciation includes £671,727 (1999 - £680,788) charged on assets held under hire purchase agreements.

	Group and company	
	2000	1999
	£	£
Commitments for capital expenditure:		
Contracted but not provided for	-	25,000

DTS LOGISTICS PLC

Notes forming part of the financial statements for the year ended 31 January 2000 (Continued)

9 Fixed asset investments

Group

	Associated undertaking £
<i>Cost</i>	
At beginning and end of year	5,000
<i>Share of retained profits</i>	
At beginning and end of year	22,500
<i>Total</i>	
At beginning and end of year	27,500

Company

	Subsidiary undertakings £	Associated undertaking £	Total £
<i>Cost</i>			
At beginning and end of year	200	5,050	5,250
Additions	11,815	-	11,815
	12,015	5,050	17,065
<i>Provision for permanent diminution in value</i>			
At beginning and end of year	-	50	50
<i>Net book value</i>			
At end of year	12,015	5,000	17,015
At beginning of year	200	5,000	5,200

DTS LOGISTICS PLC

Notes forming part of the financial statements for the year ended 31 January 2000 (*Continued*)

9 Fixed asset investments (*Continued*)

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

Name	Country of registration and operation	Proportion of ordinary share capital held	Nature of business
DTS Processing Limited	England	100%	Pre retail services
DTS Logistics (Netherlands) BV	Netherlands	100%	Holding company
DTS Logistics BV	Netherlands	75%	European logistics
Plane-Sailing Logistics Limited	England	30%	Freight forwarding
DT Services Limited	England	25%	UK distribution
DTS (Textiles) Limited	England	100%	Dormant

10 Debtors

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Trade debtors	3,280,650	2,569,919	2,963,301	2,569,919
Amount due from associated undertaking	28,212	5,934	28,212	5,934
Other debtors	160,029	126,211	112,678	126,211
Prepayments and accrued income	427,159	345,015	425,612	345,015
Amount due from subsidiary undertakings	-	-	251,687	-
	<u>3,896,050</u>	<u>3,047,079</u>	<u>3,781,490</u>	<u>3,047,079</u>

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

DTS LOGISTICS PLC

Notes forming part of the financial statements for the year ended 31 January 2000 (Continued)

11 Creditors: amounts falling due within one year

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Secured loan	100,000	100,000	100,000	100,000
Amounts owed to finance house	1,567,526	964,228	1,567,526	964,228
Trade creditors	1,364,054	731,451	1,239,273	731,451
Amount owed to subsidiary undertaking	-	-	-	200
Amount owed to associated undertaking	30,153	-	30,153	-
Other creditors	169,814	85,036	157,750	85,036
Taxation and social security	466,094	523,408	427,779	523,408
Corporation tax	5,000	70,039	5,000	70,039
Obligations under hire purchase agreements	649,850	751,554	649,850	751,554
Accruals	549,804	485,274	469,333	485,274
	<u>4,902,295</u>	<u>3,710,990</u>	<u>4,646,664</u>	<u>3,711,190</u>

The loan is secured by a fixed and floating charge on the assets of the company. Amounts owed to the finance house is secured by a fixed charge on trade debtors.

12 Creditors: amounts falling due after more than one year

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Obligations under hire purchase agreements, all of which fall due within 2 to 5 years	473,296	1,148,346	473,296	1,148,346
Bank loan	-	100,000	-	100,000
	<u>473,296</u>	<u>1,248,346</u>	<u>473,296</u>	<u>1,248,346</u>

13 Deferred taxation

Group and company	2000		1999	
	Unprovided £	Provided in accounts £	Unprovided £	Provided in accounts £
Accelerated capital allowances	-	30,000	145,000	65,000

DTS LOGISTICS PLC

Notes forming part of the financial statements for the year ended 31 January 2000 (Continued)

14 Share capital

	2000 £	1999 £
<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
	<hr/>	<hr/>
	100,000	100,000
	<hr/>	<hr/>
<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
	<hr/>	<hr/>
	83,250	83,250
	<hr/>	<hr/>

The two classes of shares confer the same voting and dividend rights and confer the same rights in the event of a winding up.

15 Share premium account

	2000 £	1999 £
Group and company		
At beginning and at end of year	413,670	413,670
	<hr/>	<hr/>

16 Profit and loss account

	Group £	Company £
At beginning of year	1,403,831	1,381,331
Loss for year	(616,318)	(621,036)
Translation differences on foreign currency net investments in subsidiary undertakings	(1,507)	-
	<hr/>	<hr/>
At end of year	786,006	760,295
	<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 loss for the year available for distribution dealt within the financial statements of the company was £621,036 (1999 profit - £39,913).

DTS LOGISTICS PLC

Notes forming part of the financial statements for the year ended 31 January 2000 (Continued)

17 Operating lease commitments

As at 31 January 2000, the group had annual commitments under non-cancellable operating leases which expire:

	Land and buildings £	Other £	Total £
Between one and five years	451,374	294,127	745,501
In more than five years	615,668	-	615,668
	<u>1,067,042</u>	<u>294,127</u>	<u>1,361,169</u>

As at 31 January 2000 the company had annual commitments under non-cancellable operating leases which expire:

	Land and buildings £	Other £	Total £
Between one and five years	339,461	294,127	633,588
In more than five years	615,668	-	615,668
	<u>955,129</u>	<u>294,127</u>	<u>1,249,256</u>

18 Reconciliation of operating profit to net cash inflow from operating activities

	2000 £	1999 £
Operating (loss)/profit	(372,476)	351,921
Depreciation charges	1,324,652	1,301,904
Increase in debtors	(848,971)	(29,918)
Increase/(decrease) in creditors	754,750	(181,568)
	<u>857,955</u>	<u>1,442,339</u>

DTS LOGISTICS PLC

Notes forming part of the financial statements for the year ended 31 January 2000 (Continued)

19 Gross cash flows

	2000		1999	
	£	£	£	£
Returns on investments and servicing of finance				
Interest received	903		715	
Interest paid	(125,240)		(129,417)	
Interest on hire purchase agreements	(165,253)		(190,474)	
		(289,590)		(319,176)
Taxation				
Corporation tax paid		(70,039)		(63,539)
Capital expenditure				
Payments to acquire tangible fixed assets	(308,297)		(291,806)	
Receipts from sales of tangible fixed assets	148,134		127,477	
		(160,163)		(164,329)
Financing				
Capital element of hire purchase agreements	(814,077)		(999,218)	
Net loan advances from finance house	603,298		239,792	
Loan repayment	(100,000)		(50,000)	
Capital injection by minority interest	2,954		-	
Foreign exchange movement	(1,507)		-	
		(309,332)		(809,426)

DTS LOGISTICS PLC

Notes forming part of the financial statements for the year ended 31 January 2000 (*Continued*)

20 Analysis of changes in net debt

	At 1 February 1999 £	Cash flows £	Other changes £	At 31 January 2000 £
Cash at bank, in hand	20,916	28,831	-	49,747
Debt due within one year	(1,064,228)	(503,298)	(100,000)	(1,667,526)
Debt due after one year	(100,000)	-	100,000	-
Finance leases	(1,899,900)	814,077	(37,323)	(1,123,146)
	(3,064,128)	310,779	(37,323)	(2,790,672)
Total	(3,043,212)	339,610	(37,323)	(2,740,925)

21 Major non-cash transactions

During the year the group purchased tangible fixed assets of £37,323 (1999 - £451,988) under hire purchase agreements.

22 Contingent liabilities

An option has been granted by the group to a director of one of its subsidiary undertakings, DTS Processing Limited, to acquire a 25% interest in the share capital of that company for a consideration of £33. At 31 January 2000 DTS Processing Limited had net liabilities of approximately £162,000.

23 Related party transactions

During the year the company made purchases of £22,234 (1999 - £21,243) (excluding VAT) from Image Makers UK, a promotional and marketing literature business in which Mrs J Daly, wife of M Daly (a director of this company) has an interest.