

**SIGNED**

**BIBBY DISTRIBUTION SERVICES  
(HOLDINGS) LIMITED**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**YEAR ENDED  
31 DECEMBER 2003**



REGISTERED NUMBER: 2005619

## **BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED**

### **DIRECTORS**

|                        |                   |
|------------------------|-------------------|
| Sir Michael Bibby, Bt. | Chairman          |
| T H J de Pencier       | Managing Director |
| P A Cullingford        |                   |
| I A Speak              |                   |
| J Haymer               |                   |
| M S Howard             |                   |

### **BANKERS**

Bank of Scotland  
PO Box No 5  
*The Mound*  
Edinburgh  
EH1 1YZ

### **AUDITORS**

KPMG LLP  
8 Princes Parade  
*Liverpool*  
L3 1QH  
United Kingdom

### **SECRETARY**

Bibby Bros. & Co. (Management) Limited

### **REGISTERED OFFICE**

105 Duke Street  
Liverpool  
L1 5JQ

**BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED**

**NOTICE OF MEETING**

*Notice is hereby given that the Annual General Meeting of the Company will be held on 20 May 2004 at 105, Duke Street, Liverpool for the following purposes :*

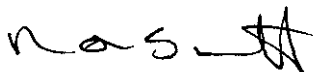
- To approve the Directors' Report and Accounts for the year ended 31 December 2003.
- To re-elect Directors.
- To re-appoint KPMG LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.

(KPMG LLP had previously been appointed by the Board to fill the casual vacancy arising by reason of the resignation of the incumbent auditors on 28 November 2003).

- To transact any other business.

A member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member.

By order of the Board.



Bibby Bros. & Co. (Management) Limited  
Secretary

105 Duke Street  
Liverpool  
L1 5JQ

**31 March 2004**

## **BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED**

### **DIRECTORS' REPORT**

The Directors present their report together with the audited accounts for the year ended 31 December 2003.

### **PRINCIPAL ACTIVITIES AND REVIEW OF THE YEAR**

The principal activities of the Group are contract distribution, warehousing and transport.

During the year the Group was successful in securing and implementing new dedicated contract business and investment was directly linked to these developments.

The Group has continued to improve the quality and value of the services provided to all of its customers whilst maintaining strong pressure to reduce operating costs.

### **FUTURE DEVELOPMENTS**

In the current year, the Group will actively seek opportunities to expand and develop its business through the winning of new dedicated contract business, the further development of shared-user services through the depot network and appropriate acquisition of contract-based businesses.

### **TRADING RESULT**

The results for the year are set out in the profit and loss account on page 7.

The Directors recommend that a final dividend of 35.8p per Ordinary Share be paid. This dividend, with the interim dividend of 75.0p per Ordinary Share paid earlier in the year, will constitute a total dividend for the year ended 31 December 2003 of 110.8p per Ordinary Share (2002 - 51.0p). The transfer of the retained loss for the year to reserves is set out in Note 19.

### **DIRECTORS AND DIRECTORS' INTERESTS**

The Directors of the Company during the year were:

Theodore Henry John de Pencier  
Paul Andrew Cullingford  
Iain Alexander Speak  
Michael James Bibby  
Jonathan Haymer  
Martin Stewart Howard

*The only interests of the Directors in shares of any of the Bibby Group of Companies were in the shares of Bibby Line Group Limited.*

The interests of M J Bibby and J Haymer in the shares of Bibby Line Group Limited are disclosed in the Directors' Report of that company. None of the other directors had any interests in the shares of Bibby Line Group Limited.

## **BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **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 Group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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.

#### **EMPLOYEE INVOLVEMENT**

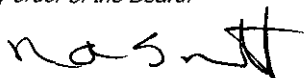
The Group is committed to the continuing development of effective employee communication, consultation and involvement, including the regular publication of company magazines.

The Group maintains a policy to consider workers for all suitable employment vacancies and to give appropriate training assistance necessary to introduce such workers to their jobs and to develop their skills and capabilities.

If any employee becomes disabled whilst employed by the Group, every effort is made to find suitable continuing employment, with re-training as necessary.

The Group has maintained a policy of providing, wherever possible, the same employment opportunities to disabled persons as to others.

By order of the Board.



Bibby Bros. & Co. (Management) Limited  
Secretary  
105 Duke Street  
Liverpool  
L1 5JQ

31 March 2004

KPMG LLP  
8 Princes Parade  
Liverpool  
L3 1QH  
United Kingdom

**Independent auditor's report to the members of Bibby Distribution Services (Holdings) Limited**

We have audited the financial statements on pages 7 to 19.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 as at 31 December 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP  
Chartered Accountants  
Registered Auditor

KPMG LLP

31 March 2004

**BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED**

**PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31 DECEMBER 2003**

|  | Note | 2003<br>£'000 | Group<br>2002<br>£'000 |
|--|------|---------------|------------------------|
| <b>TURNOVER</b>                                      | 2    | 116,176       | 104,727                |
| Cost of sales  |      | (96,275)      | (86,484)               |
| <b>GROSS PROFIT</b>                                  |      | 19,901        | 18,243                 |
| Administrative expenses                              |      | (15,423)      | (14,619)               |
| <b>OPERATING PROFIT</b>                              |      | 4,478         | 3,624                  |
| Interest payable and similar charges                 | 5    | (364)         | (604)                  |
| Interest receivable                                  |      | 246           | 235                    |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> | 6    | 4,360         | 3,255                  |
| Taxation   | 7    | (54)          | 83                     |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>  |      | 4,306         | 3,338                  |
| Dividends paid and proposed                          | 8    | (4,431)       | (2,040)                |
| <b>RETAINED (LOSS)/PROFIT FOR THE YEAR</b>           | 19   | (125)         | 1,298                  |

The notes on pages 10 to 19 form an integral part of these accounts.

There are no recognised gains or losses in 2003 or 2002 other than the result for the year.

There is no difference between the profit for the year and its historical cost equivalent.

The turnover and profit on ordinary activities all derive from continuing activities which are unchanged from the previous year.

**BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED**
**BALANCE SHEET AS AT 31 DECEMBER 2003**

|  | Note | Company         |                 | Group           |                 |
|--|------|-----------------|-----------------|-----------------|-----------------|
|  |      | 2003<br>£'000   | 2002<br>£'000   | 2003<br>£'000   | 2002<br>£'000   |
| <b>FIXED ASSETS</b>  |      |                 |                 |                 |                 |
| Tangible assets  | 9    | -               | -               | 16,738          | 18,976          |
| Investment in subsidiary undertakings                          | 10   | 27,174          | 27,081          | -               | -               |
| Intangible assets  | 11   | -               | -               | 1,495           | 1,728           |
|  |      | <u>27,174</u>   | <u>27,081</u>   | <u>18,233</u>   | <u>20,704</u>   |
| <b>CURRENT ASSETS</b>  |      |                 |                 |                 |                 |
| Stocks   | 12   | -               | -               | 233             | 308             |
| Debtors  | 13   | 1,236           | 1,236           | 12,507          | 12,499          |
| Cash at bank and in hand                                       |      | -               | -               | 7,738           | 6,889           |
|  |      | <u>1,236</u>    | <u>1,236</u>    | <u>20,478</u>   | <u>19,696</u>   |
| <b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>          | 14   | <u>(23,736)</u> | <u>(23,643)</u> | <u>(20,825)</u> | <u>(18,467)</u> |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b>                        |      | <u>(22,500)</u> | <u>(22,407)</u> | <u>(347)</u>    | <u>1,229</u>    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | <u>4,674</u>    | <u>4,674</u>    | <u>17,886</u>   | <u>21,933</u>   |
| <b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b> |      |                 |                 |                 |                 |
|  | 15   | -               | -               | (2,025)         | (5,738)         |
| <b>PROVISION FOR LIABILITIES AND CHARGES</b>                   | 17   | -               | -               | (553)           | (762)           |
|  |      | <u>4,674</u>    | <u>4,674</u>    | <u>15,308</u>   | <u>15,433</u>   |
| <b>CAPITAL AND RESERVES</b>                                    |      |                 |                 |                 |                 |
| Called up share capital  | 18   | 4,288           | 4,288           | 4,288           | 4,288           |
| Profit and loss account  | 19   | 386             | 386             | 11,020          | 11,145          |
| <b>SHAREHOLDERS' FUNDS</b>                                     |      |                 |                 |                 |                 |
| Equity   |      | 4,386           | 4,386           | 15,020          | 15,145          |
| Non-equity   |      | 288             | 288             | 288             | 288             |
|  | 20   | <u>4,674</u>    | <u>4,674</u>    | <u>15,308</u>   | <u>15,433</u>   |

The notes on pages 10 to 19 form an integral part of these accounts.

APPROVED BY THE BOARD ON 31 March 2004

  
**P A COLLINGFORD**  
 DIRECTOR



**BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED**
**GROUP CASH FLOW STATEMENT  
YEAR ENDED 31 DECEMBER 2003**

|  | Note | <u>2003</u> | <u>2002</u> |
|--|------|-------------|-------------|
|  |      | £'000       | £'000       |
| <b>Net cash inflow from operating activities</b>       | 21   | 9,631       | 13,105      |
| <b>Returns on investments and servicing of finance</b> |      |             |             |
| Bank interest paid                                     |      | (361)       | (594)       |
| Finance lease and other interest paid                  |      | (3)         | (10)        |
| Interest received                                      |      | 246         | 235         |
|  |      | (118)       | (369)       |
| <b>Taxation</b>  |      |             |             |
| Group relief refunded                                  |      | 83          | -           |
| <b>Capital expenditure</b>                             |      |             |             |
| Purchase of tangible fixed assets                      |      | (2,742)     | (6,878)     |
| Proceeds from sale of tangible fixed assets            |      | 1,880       | 2,102       |
| Property dilapidations                                 |      | (312)       | (404)       |
|  |      | (1,174)     | (5,180)     |
| <b>Acquisitions and disposals</b>                      |      |             |             |
| Acquisition  |      | (80)        | -           |
| <b>Equity dividends paid</b>                           |      | (4,113)     | (566)       |
| <b>Net cash inflow before financing</b>                |      | 4,229       | 6,990       |
| <b>Financing</b>                                       |      |             |             |
| Bank loan repayments                                   | 23   | (3,305)     | (4,870)     |
| Finance lease capital repayments                       | 23   | (75)        | (183)       |
|  |      | (3,380)     | (5,053)     |
| <b>Increase in cash</b>                                |      | 849         | 1,937       |

The notes on pages 10 to 19 form an integral part of these accounts.

# **BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED**

## **NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2003**

### **1 ACCOUNTING POLICIES**

#### **(a) Accounting convention and basis of consolidation**

These accounts are prepared under the historical cost convention and in accordance with applicable accounting standards, using the audited accounts for the period ended 31 December 2003 of the parent company and its subsidiaries.

#### **(b) Tangible fixed assets and depreciation**

Fixed assets are stated in the balance sheet at cost less depreciation provided to date. Depreciation is provided in equal annual instalments over the estimated useful life of the asset, on the original cost of the asset.

The rates of depreciation are as follows:-

|                                |                             |
|--------------------------------|-----------------------------|
| Freehold land                  | Nil                         |
| Freehold buildings             | 2% on a straight line basis |
| Leasehold land and buildings:- |                             |
| Short                          | The life of the lease       |
| Vehicles & Equipment           | Varying rates from 5% - 25% |

#### **(c) Intangible fixed assets**

Goodwill arising on consolidation is considered separately for each acquisition. In the case where goodwill is considered to have continuing value it is amortised on a straight line basis over its useful economic life through the profit and loss account at rates varying between 5% and 15%. In those cases where the goodwill is considered to have no continuing value it is accounted for immediately on acquisition by write off through the profit and loss account.

#### **(d) Leased assets - vehicles and equipment**

##### **(i) Assets held under hire purchase agreements and finance leases**

The capital element of hire purchase obligations is treated as a separate category within fixed assets. The outstanding commitment to repay these sums is shown separately within creditors in note 14.

Interest is allocated to accounting periods by a method which produces a constant periodic rate of charge on the remaining balances outstanding.

*Leased vehicles and equipment are depreciated at rates varying between 12.5% - 20% or the period of the lease if this is lower.*

##### **(ii) Assets held under operating leases**

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### **(e) Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. The deferred tax assets and liabilities are not discounted. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable tax profits from which the future reversal of the timing differences can be deducted.

#### **(f) Stocks**

Stocks are stated at the lower of weighted average cost and net realisable value.

**BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED****NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2003 (continued)****1 ACCOUNTING POLICIES (Continued)****(g) Turnover**

Turnover represents the total amount receivable in the ordinary course of business for services provided excluding value added tax. Income is recognised at the time the relevant services are provided by the business to its customer. All turnover relates to continuing operations.

**(h) Pension costs**

The cost of providing pensions is charged against profit on a systematic basis with pension surpluses or deficits arising allocated over the expected remaining service lives of current employees. Differences between the amounts charged in the profit and loss account and payments made to the pension scheme are treated as assets or liabilities.

**(i) Related party transactions**

Under Financial Reporting Standard 8, the Company is exempt from disclosing inter group related party transactions, as more than 90% of the voting rights are controlled by the ultimate parent undertaking, Bibby Line Group Limited.

**(j) Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

**2 SEGMENTAL INFORMATION**

The Directors are of the opinion that there is only one business, that of contract distribution, warehousing and transport.

The geographical analysis of turnover is as follows :-

|                   | Group          |                |
|-------------------|----------------|----------------|
|                   | 2003           | 2002           |
|                   | £'000          | £'000          |
| United Kingdom    | 114,554        | 104,583        |
| Overseas - Europe | 1,622          | 144            |
|                   | <b>116,176</b> | <b>104,727</b> |

**3 EMOLUMENTS OF DIRECTORS**

|   | 2003       | 2002  |
|---|------------|-------|
|   | £'000      | £'000 |
| Directors' emoluments                                   | <b>624</b> | 603   |
| Highest paid director (excluding pension contributions) | <b>224</b> | 178   |

The accrued pension benefit of the highest paid Director was as follows :-

|                 | 2003      | 2002 |
|-----------------|-----------|------|
| Accrued pension | <b>15</b> | 12   |

The number of Directors to whom retirement benefits were accruing under defined benefit pension schemes during the year was 4 (2002 - 5).

**BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED**
**NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2003 (continued)**
**4 EMPLOYEES**

|                       |               | Group         |
|-----------------------|---------------|---------------|
|                       | 2003          | 2002          |
|                       | £'000         | £'000         |
| <b>Staff costs</b>    |               |               |
| Wages and salaries    | 36,041        | 31,519        |
| Social security costs | 3,336         | 2,625         |
| Pension costs         | 745           | 621           |
|                       | <b>40,122</b> | <b>34,765</b> |

The average number of persons employed by the Group throughout the period was :-

|                                     |              | Group        |
|-------------------------------------|--------------|--------------|
|                                     | 2003         | 2002         |
| Warehouse staff                     | 755          | 724          |
| Drivers and distribution staff      | 656          | 587          |
| Managerial and administrative staff | 439          | 408          |
|                                     | <b>1,850</b> | <b>1,719</b> |

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

|   |            | Group      |
|---|------------|------------|
|   | 2003       | 2002       |
|   | £'000      | £'000      |
| Interest payable on bank borrowings repayable within five years | 361        | 594        |
| Finance charges payable on finance leases and HP agreements     | 3          | 10         |
|   | <b>364</b> | <b>604</b> |

**6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

|   |       | Group |
|---|-------|-------|
|   | 2003  | 2002  |
|   | £'000 | £'000 |
| Profit on ordinary activities before taxation is stated after charging/(crediting): |       |       |
| Depreciation of owned assets  | 3,923 | 3,791 |
| Depreciation of assets held under finance leases                                    | 55    | 147   |
| Loss/(profit) on disposal of fixed assets   | 108   | (41)  |
| Amortisation of goodwill  | 269   | 263   |
| Auditors' remuneration  | 31    | 26    |
| - audit fee   | -     | 1     |
| - other fees  | -     | -     |
| Rentals paid under operating leases   |       |       |
| - plant and machinery   | 1,818 | 1,671 |
| - other   | 5,471 | 4,726 |

**7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

|  |           | Group       |
|--|-----------|-------------|
|  | 2003      | 2002        |
|  | £'000     | £'000       |
| UK Corporation Taxation charge/(credit) based on the profit for the year |           |             |
| Group relief payable/(receivable) - current year                         | 54        | (83)        |
| Current tax charge/(credit)  | <b>54</b> | <b>(83)</b> |

Trading tax losses of approximately £7 million (2002 - £16 million) are available to relieve future profits of the Group. The Group also has approximately £800,000 of capital tax losses which are available to relieve future capital profits of the Group.

**BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED**
**NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2003 (continued)**
**7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)**

|   | 2003<br>£'000 | Group<br>2002<br>£'000 |
|---|---------------|------------------------|
| The current tax charge / (credit) is lower than the standard rate of corp tax in the UK of 30% .<br>The differences are explained as follows :- |               |                        |
| Profit on ordinary activities before taxation   | 4,360         | 3,255                  |
| Profit on ordinary activities multiplied by the weighted<br>average rate of tax of 30% (2002 - 30%)   | 1,308         | 977                    |
| Effects of :  |               |                        |
| Utilisation of trading tax losses   | (2,620)       | (2,190)                |
| Depreciation for the year in excess of capital allowances   | 1,227         | 1,180                  |
| Permanent differences   | 146           | 96                     |
| Utilisation of capital gains losses   | -             | (146)                  |
| Group Relief not paid for   | (7)           | -                      |
| Current tax charge/(credit) for the year  | 54            | (83)                   |

**8 DIVIDENDS PAID AND PROPOSED**

|                                      | 2003<br>£'000 | Group<br>2002<br>£'000 |
|--------------------------------------|---------------|------------------------|
| Equity dividend on ordinary shares : |               |                        |
| Interim paid 75.0p per share         | 3,000         | 927                    |
| Proposed final 35.8p per share       | 1,431         | 1,113                  |
|                                      | 4,431         | 2,040                  |

**9 TANGIBLE FIXED ASSETS  
GROUP**

|                            | Freehold<br>land and<br>buildings<br>£'000 | Short<br>leasehold<br>land and<br>buildings<br>£'000 | Vehicles & equipment |                 | Total<br>£'000 |
|----------------------------|--|--|----------------------|-----------------|----------------|
|                            |  |  | Owned<br>£'000       | Leased<br>£'000 |                |
| <b>Cost</b>                |  |  |                      |                 |                |
| At 31 December 2002        | 835  | 4,288  | 29,389               | 955             | 35,467         |
| Additions                  | -  | 21   | 2,721                | -               | 2,742          |
| On acquisition             | 1,004                                      | -  | 124                  | -               | 1,128          |
| Reclassifications          | -  | -  | 163                  | (163)           | -              |
| Disposals                  | -  | (1,085)  | (4,355)              | (432)           | (5,872)        |
| <b>At 31 December 2003</b> | <b>1,839</b>                               | <b>3,224</b>   | <b>28,042</b>        | <b>360</b>      | <b>33,465</b>  |
| <b>Depreciation</b>        |  |  |                      |                 |                |
| At 31 December 2002        | 45   | 2,342  | 13,288               | 816             | 16,491         |
| On acquisition             | 32   | -  | 110                  | -               | 142            |
| Charge for year            | 19   | 319  | 3,585                | 55              | 3,978          |
| Reclassifications          | -  | -  | 79                   | (79)            | -              |
| Disposals                  | -  | (638)  | (2,814)              | (432)           | (3,884)        |
| <b>At 31 December 2003</b> | <b>96</b>                                  | <b>2,023</b>   | <b>14,248</b>        | <b>360</b>      | <b>16,727</b>  |
| <b>Net book amount</b>     |  |  |                      |                 |                |
| <b>At 31 December 2003</b> | <b>1,743</b>                               | <b>1,201</b>   | <b>13,794</b>        | <b>-</b>        | <b>16,738</b>  |
| At 31 December 2002        | 790  | 1,946  | 16,101               | 139             | 18,976         |

# BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2003 (continued)

### 10 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS COMPANY

Percentage of equity  
share capital held

#### Trading subsidiaries

|  |  |     |
|--|--|-----|
| Bibby Distribution Limited   | - contract distribution, warehousing and transport       | 100 |
| Bibby International Logistics Limited (formerly<br>Winlen Bay Limited) | - shipping and forwarding agents and haulage contractors | 100 |

#### Non trading subsidiaries

|  |     |
|--|-----|
| Bibby Distribution Services Limited    | 100 |
| Nisaway Limited                        | 100 |
| Alexandra-Molyneux Haulage Limited     | 100 |
| Bondelivery Limited                    | 100 |
| Bibby Distribution (Avonmouth) Limited | 100 |
| Bibby Logistics Limited                | 100 |
| Tripflow Logistics Limited             | 100 |
| The Red Pallet Company Limited         | 100 |
| Route One (Distribution) Limited       | 100 |
| Oldbibco III Limited                   | 100 |

#### Investments in subsidiary undertakings £'000

At 1 January 2003 27,081

Acquisition in the year (Note 25) 93

At 31 December 2003 27,174

All subsidiary undertakings are incorporated in the United Kingdom.

### 11 INTANGIBLE ASSETS GROUP

Goodwill  
£'000

#### Cost

|                                    |              |
|------------------------------------|--------------|
| At 31 December 2002                | 2,774        |
| Acquisitions in the year (Note 25) | 36           |
| At 31 December 2003                | <u>2,810</u> |

#### Amortisation

|                        |              |
|------------------------|--------------|
| At 31 December 2002    | 1,046        |
| Provision for the year | 269          |
| At 31 December 2003    | <u>1,315</u> |

#### Net book amount

|                     |              |
|---------------------|--------------|
| At 31 December 2003 | <u>1,495</u> |
|---------------------|--------------|

|                     |              |
|---------------------|--------------|
| At 31 December 2002 | <u>1,728</u> |
|---------------------|--------------|

### 12 STOCKS

| Company     |       | Group |       |
|-------------|-------|-------|-------|
| 2003        | 2002  | 2003  | 2002  |
| £'000       | £'000 | £'000 | £'000 |
| Consumables | -     | 233   | 308   |

### 13 DEBTORS

| Company                            |              | Group         |               |
|------------------------------------|--------------|---------------|---------------|
| 2003                               | 2002         | 2003          | 2002          |
| £'000                              | £'000        | £'000         | £'000         |
| Trade debtors                      | -            | 9,580         | 10,227        |
| Amounts owed by group undertakings | 1,236        | -             | -             |
| Other debtors                      | -            | 1,028         | 585           |
| Prepayments and accrued income     | -            | 1,899         | 1,687         |
| <u>1,236</u>                       | <u>1,236</u> | <u>12,507</u> | <u>12,499</u> |

**BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED**
**NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2003 (continued)**
**14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | Note | Company       |               | Group         |               |
|------------------------------------|------|---------------|---------------|---------------|---------------|
|                                    |      | 2003<br>£'000 | 2002<br>£'000 | 2003<br>£'000 | 2002<br>£'000 |
| Bank loans                         | 16   | -             | -             | 3,713         | 3,305         |
| Obligations under finance leases   | 16   | -             | -             | 3             | 60            |
| Hire purchase agreements           | 16   | -             | -             | -             | 18            |
| Trade creditors                    |      | -             | -             | 8,854         | 8,698         |
| Other creditors                    |      | -             | -             | 41            | 843           |
| Amounts owed to group undertakings |      | 23,736        | 23,643        | 3,141         | 1,348         |
| Other taxation and social security |      | -             | -             | 1,095         | 1,893         |
| Accruals and deferred income       |      | -             | -             | 3,978         | 2,302         |
|                                    |      | <u>23,736</u> | <u>23,643</u> | <u>20,825</u> | <u>18,467</u> |

**15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|            | Note | Company       |               | Group         |               |
|------------|------|---------------|---------------|---------------|---------------|
|            |      | 2003<br>£'000 | 2002<br>£'000 | 2003<br>£'000 | 2002<br>£'000 |
| Bank loans | 16   | -             | -             | 2,025         | 5,738         |

**16 OBLIGATIONS UNDER BANK LOANS, FINANCE LEASES AND HIRE PURCHASE AGREEMENTS**

|   | Company       |               | Group         |               |
|---|---------------|---------------|---------------|---------------|
|   | 2003<br>£'000 | 2002<br>£'000 | 2003<br>£'000 | 2002<br>£'000 |
| <b>Obligations under bank loans are repayable as follows:</b> |               |               |               |               |
| Within one year   | -             | -             | 3,713         | 3,305         |
| Between one and two years                                     | -             | -             | 1,469         | 3,713         |
| Between two and five years                                    | -             | -             | 556           | 2,025         |
|   | <u>-</u>      | <u>-</u>      | <u>5,738</u>  | <u>9,043</u>  |

**Obligations under finance leases are repayable as follows:**

|                 |          |           |
|-----------------|----------|-----------|
| Within one year | 3        | 60        |
|                 | <u>3</u> | <u>60</u> |

**Hire purchase obligations are repayable as follows:**

|                 |          |           |
|-----------------|----------|-----------|
| Within one year | -        | 18        |
|                 | <u>-</u> | <u>18</u> |

The bank loans are secured by statutory mortgages on the assets of the company and by guarantee of group undertakings. The loans carry interest rates that vary with Bank of Scotland base rate.

**BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED**
**NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2003 (continued)**
**17 PROVISION FOR LIABILITIES AND CHARGES**

| <b>GROUP</b>             | <b>Vacant<br/>property<br/>provisions<br/>£'000</b> |
|--------------------------|---|
| At 1 January 2003        | 762   |
| Utilised during the year | (312)   |
| Provided during the year | 103   |
| At 31 December 2003      | <u>553</u>  |

A deferred tax asset has not been recognised as there is insufficient evidence that the asset will be recoverable. The amount that has not been recognised, at the balance sheet date, comprises potential corporation tax losses carried forward of £2,051,000 (2002 - £4,887,000) and accelerated depreciation of £4,244,000 (2002 - £3,853,000). These assets will be recovered in the event that the business maintains high levels of taxable profits in the future.

**18 CALLED UP SHARE CAPITAL**

|   | <b>Authorised</b> |              | <b>Allotted, called up<br/>and fully paid</b> |              |
|---|-------------------|--------------|---|--------------|
|   | <b>2003</b>       | <b>2002</b>  | <b>2003</b>                                   | <b>2002</b>  |
|   | <b>£'000</b>      | <b>£'000</b> | <b>£'000</b>                                  | <b>£'000</b> |
| Ordinary shares of £1 each              | 4,000             | 4,000        | 4,000   | 4,000        |
| Redeemable preference shares of £1 each | 288               | 288          | 288   | 288          |
|   | <u>4,288</u>      | <u>4,288</u> | <u>4,288</u>                                  | <u>4,288</u> |

The rights attaching to the preference shares are as follows:

- (a) To be paid out of the profits of the Company, a cumulative dividend at a rate to be determined by the directors of the Company per annum on the capital for the time being paid up, in priority to any payment to the holders of any other class of shares.
- (b) Having no other rights to participate in the profits of the Company whatsoever.
- (c) Carrying the right to one vote per share.
- (d) Redeemable at any time at the option of the shareholders or the Company at par value.

**19 RESERVES**

| <b>Profit &amp; loss</b>   | <b>Company<br/>£'000</b> | <b>Group<br/>£'000</b> |
|----------------------------|--------------------------|------------------------|
| At 1 January 2003          | 386                      | 11,145                 |
| Retained loss for the year | -                        | (125)                  |
| At 31 December 2003        | <u>386</u>               | <u>11,020</u>          |

The Parent Company made a profit for the financial year of £nil (2002 - £nil).

**20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|                                     | <b>Company</b> |              | <b>Group</b>  |               |
|-------------------------------------|----------------|--------------|---------------|---------------|
|                                     | <b>2003</b>    | <b>2002</b>  | <b>2003</b>   | <b>2002</b>   |
|                                     | <b>£'000</b>   | <b>£'000</b> | <b>£'000</b>  | <b>£'000</b>  |
| Profit for the financial year       | 4,431          | 2,040        | 4,306         | 3,338         |
| Dividends                           | (4,431)        | (2,040)      | (4,431)       | (2,040)       |
| Net movement in shareholders' funds | -              | -            | (125)         | 1,298         |
| Opening shareholders' funds         | 4,674          | 4,674        | 15,433        | 14,135        |
| Closing shareholders' funds         | <u>4,674</u>   | <u>4,674</u> | <u>15,308</u> | <u>15,433</u> |



**BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED**
**NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2003 (continued)**
**21 RECONCILIATION OF NET OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

|  | 2003         | 2002          |
|--|--------------|---------------|
|  | £'000        | £'000         |
| <b>Cash flow from operations</b>                   |              |               |
| Net operating profit on ordinary activities        | 4,478        | 3,624         |
| Depreciation                                       | 3,978        | 3,938         |
| Profit on sale of fixed assets and disposal assets | 108          | (41)          |
| Amortisation of goodwill                           | 269          | 263           |
| Movement in provisions                             | 103          | 663           |
| Working capital movements:                         |              |               |
| Decrease/(Increase) in stocks                      | 75           | (163)         |
| Decrease in debtors                                | 572          | 2,291         |
| Increase in creditors                              | 48           | 2,530         |
|  | 695          | 4,658         |
| <b>Net cash inflow from operating activities</b>   | <b>9,631</b> | <b>13,105</b> |

**22 RECONCILIATION TO NET DEBT**

|   | 2003           | 2002           |
|---|----------------|----------------|
|   | £'000          | £'000          |
| Movement in cash in the year                        | 849            | 1,937          |
| Movement in lease financing and debt                | 3,380          | 5,053          |
| <b>Change in net debt resulting from cash flows</b> | <b>4,229</b>   | <b>6,990</b>   |
| <b>Net debt at 1 January</b>                        | <b>(2,232)</b> | <b>(9,222)</b> |
| <b>Net debt at 31 December</b>                      | <b>1,997</b>   | <b>(2,232)</b> |

**23 ANALYSIS OF NET DEBT**

|                                       | At 1 Jan 2003 | Cash flows | Other non cash changes | At 31 Dec 2003 |
|---------------------------------------|---------------|------------|------------------------|----------------|
|                                       | £'000         | £'000      | £'000                  | £'000          |
| Cash at bank and in hand              | 6,889         | 849        | -                      | 7,738          |
|                                       | 6,889         | 849        | -                      | 7,738          |
| Current instalments due on bank loans | (3,305)       | 3,305      | (3,713)                | (3,713)        |
| Bank loans due after one year         | (5,738)       | -          | 3,713                  | (2,025)        |
| Finance leases due within one year    | (78)          | 75         | -                      | (3)            |
|                                       | (9,121)       | 3,380      | -                      | (5,741)        |
|                                       | (2,232)       | 4,229      | -                      | 1,997          |

**24 CAPITAL COMMITMENTS**

|   | Company | Group |
|---|---------|-------|
|   | 2003    | 2002  |
|   | £'000   | £'000 |
| Capital expenditure contracted for but not provided for in the accounts | -       | 1,628 |

# **BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED**

## **NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2003 (continued)**

### **25 ACQUISITIONS**

On 1 September 2003 the Group acquired 100% of the share capital of Winlen Bay Limited.

The fair and book values of assets acquired are set out below :

|                          | £'000      |              | £'000      |              |
|--------------------------|------------|--------------|------------|--------------|
|                          | Fair value |              | Book value |              |
| Tangible fixed assets    | 986        |              | 843        |              |
| Current assets :         |            |              |            |              |
| Debtors                  | 580        |              | 580        |              |
| Cash at bank and in hand | <u>13</u>  | <u>593</u>   | <u>13</u>  | <u>593</u>   |
| Total assets             |            | <u>1,579</u> |            | <u>1,436</u> |
| Creditors                |            | (1,522)      |            | (1,522)      |
|                          |            | <u>57</u>    |            | <u>(86)</u>  |
| Goodwill                 |            | 36           |            | 36           |
| Net assets acquired      |            | <u>93</u>    |            | <u>(50)</u>  |
| Satisfied by :           |            |              |            |              |
| Cash                     |            | <u>93</u>    |            |              |

The freehold property of Winlen Bay Limited was revalued on acquisition based on a combination of a surveyors valuation and that of the directors of the company.

The loss after tax of Winlen Bay Limited for the fifteen months ended 31 December 2003 was £303,000 including a post acquisition loss of £48,000.

### **26 OPERATING LEASE COMMITMENTS**

| GROUP   | 2003              |                | 2002              |                |
|---|-------------------|----------------|-------------------|----------------|
|   | Property<br>£'000 | Other<br>£'000 | Property<br>£'000 | Other<br>£'000 |
| The Company has the following annual commitments under operating leases which expire: |                   |                |                   |                |
| Within one year   | 487               | 299            | 119               | 131            |
| Between two and five years  | 903               | 895            | 589               | 1,254          |
| After five years  | 4,005             | 237            | 3,934             | 327            |
|   | <u>5,395</u>      | <u>1,431</u>   | <u>4,642</u>      | <u>1,712</u>   |

## **BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED**

### **NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2003 (continued)**

#### **27 PENSION COSTS**

The Group participates in the Bibby Line Group Pension Scheme (the "Scheme"), a defined benefit pension scheme. The assets of the Scheme are held separately from those of the sponsoring and participating employers and are invested with an insurance company. The Scheme was closed to new entrants from 1 April 2000. The latest actuarial valuation of the Scheme was carried out by a qualified independent actuary as at 6 April 2002 using the projected unit method and showed the Scheme to be 88% funded. Further actuarial information is given in the accounts of Bibby Line Group Limited. The contributions made by the Group over the financial year to this Scheme have been £625,000 (2002 - £559,000), equivalent to 14.5% of pensionable pay.

Since 1st April 2000, the Group has participated in the Bibby Line Group Money Purchase Pension Plan (the "Plan"), which is a defined contribution scheme for new employees. The contributions made by the Group over the financial year to the Plan have been £66,000 (2002 - £48,000).

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £nil (2002 - £nil).

The Group also administered several other defined benefit contribution pensions schemes during the year. The contributions made by the Group to these schemes over the financial year amounted to £50,000 (2002 - £14,000).

The pension charge for the year is given in Note 4.

As noted above and under accounting policies (note 1) the Company participates in the Scheme. The Scheme is a multi-employer Scheme and the company and its subsidiaries are unable to identify their share of the assets and liabilities of the Scheme. As part of the information disclosed under FRS17 in the ultimate holding company's accounts, a net deficit of £8,669,000 (2002 - £9,091,000) is noted. Further information can be found in the financial statements of the ultimate holding company.

#### **28 CONTINGENT LIABILITIES**

##### **(a) Claim by former customer**

A former customer has submitted a claim in respect of contractual liabilities. The directors are of the opinion that the claim is without merit and will be vigorously defended. Therefore, no provision has been made except for legal fees.

##### **(b) Bank loans**

The bank loans and overdrafts of the Company and its subsidiary undertakings are secured by a first fixed and floating charge on the undertaking of the Company and its fellow subsidiary undertakings, by cross guarantees given by those companies and a parent company guarantee. A ranking agreement has also been entered into covering the Bank of Scotland, Bibby Distribution Services Limited, Bibby Distribution Limited, Bondelivery Limited, Bibby Logistics Limited and the parent undertaking regulating the respective ranking of the debenture granted in favour of the Bank of Scotland.

As at 31 December 2003 the contingent liability of the Company thus arising is £nil (2002 - £2,164,000).

#### **29 ULTIMATE PARENT UNDERTAKING**

The Company is a wholly owned subsidiary undertaking of Bibby Line Group Limited, the ultimate parent undertaking, a company incorporated in the United Kingdom. Group accounts may be obtained from 105 Duke Street, Liverpool, L1 5JQ.

Bibby Line Group Limited is the ultimate parent undertaking of the largest and smallest group which consolidates these accounts, and of which the Company is a member.