

# Langdon Group Limited and subsidiary undertakings

Company Registration No. 02258673 (England and Wales)

## Directors' report and financial statements

For the year ended 31 December 2003



Clifton Down House, Beaufort Buildings, Clifton Down,  
Clifton, Bristol, BS8 4AN  
Tel. 0117 973 4481 Fax. 0117 974 5203

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## DIRECTORS AND ADVISERS

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<b>Directors</b>	M P T Donoghue (Chairman) R G Holder FCA S E Holder FCA P J F Rowe R J Swindells J G R Rix (Non-Executive) W G Underwood (Non-Executive)
<b>Secretary</b>	R G Holder FCA
<b>Company number</b>	02258673
<b>Registered office</b>	Walford Cross Taunton Somerset TA2 8QP
<b>Registered auditors</b>	Mazars Clifton Down House Beaufort Buildings Clifton Bristol BS8 4AN
<b>Bankers</b>	Lloyds Bank Plc 31 Fore Street Taunton Somerset TA1 1HN

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# **LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS**

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# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2003**

The directors present their report and financial statements for the year ended 31 December 2003.

### Directors

The following directors have held office since 1 January 2003:

M P T Donoghue (Chairman)  
R G Holder FCA  
S E Holder FCA  
P J F Rowe  
R J Swindells  
J G R Rix (Non-Executive)  
W G Underwood (Non-Executive)

### Principal activities and review of the business

The principal activity of the group during the year continued to be the provision of temperature controlled haulage facilities, distribution, cold and chill storage and transport services.

The company's principal activity during the year continued to be that of a non-trading holding company.

Turnover has increased from £21,848,461 to £27,681,667 during the year. The board is continuing to focus the group's resources and efforts on temperature controlled haulage, cold and chill storage and distribution, and to broaden its customer base.

The directors anticipate a modest increase in revenues in 2004.

### Results and dividends

The consolidated profit and loss account for the year is set out on page 4.

An interim ordinary dividend was paid amounting to £36,030. The directors recommend payment of a second interim dividend amounting to £60,050.

### Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

### Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

Langdon Group Limited

	Ordinary of £1 each	
	31 December 2003	1 January 2003
M P T Donoghue (Chairman)	837,043	837,043
R G Holder FCA	10,000	10,000
S E Holder FCA	-	-
P J F Rowe	305,699	305,699
R J Swindells	300,699	300,699
J G R Rix (Non-Executive)	67,500	67,500
W G Underwood (Non-Executive)	-	-

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

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The directors had no interest in any other group company.

West Monkton Advisory Services Limited, a company in which R G Holder and S E Holder have a beneficial interest, holds 240,059 (2002: 240,059) ordinary 10p shares.

### Employee involvement

During the year, the policy of providing employees with information about the group has been continued through the newsletter in which employees have also been encouraged to present their suggestions and views.

### Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Mazars be reappointed as auditors of the company will be put to the Annual General Meeting.

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

On behalf of the board



R G Holder FCA

Director

17 June 2004

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

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We have audited the financial statements of Langdon Group Limited and subsidiary undertakings on pages 4 to 24 for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

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 auditors' 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 the directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 company and other members of the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

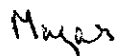
#### Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 and 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.

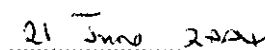
#### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 31 December 2003 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Mazars

Chartered Accountants  
and Registered Auditors

  
21 June 2004

Clifton Down House  
Beaufort Buildings  
Clifton, Bristol BS8 4AN

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	27,681,667	21,848,461
Cost of sales		(23,275,371)	(18,375,534)
<b>Gross profit</b>		<b>4,406,296</b>	<b>3,472,927</b>
Administrative expenses		(3,827,744)	(3,078,574)
Other operating income	6	449,904	950,000
<b>Operating profit</b>	4	<b>1,028,456</b>	<b>1,344,353</b>
Other interest receivable and similar income		2,272	286
Interest payable and similar charges	5	(535,706)	(514,056)
<b>Profit on ordinary activities before taxation</b>		<b>495,022</b>	<b>830,583</b>
Tax on profit on ordinary activities	7	(147,885)	(250,390)
<b>Profit on ordinary activities after taxation</b>		<b>347,137</b>	<b>580,193</b>
Dividends	9	(96,080)	(66,025)
<b>Retained profit for the year</b>	19	<b>251,057</b>	<b>514,168</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2003

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	Notes	2003 £	2002 £
Profit for the financial year		347,137	580,193
Prior year adjustment	20	-	(1,293,160)
Total gains and losses recognised since last financial statements		<u>347,137</u>	<u>(712,967)</u>

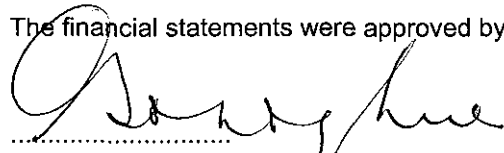


# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

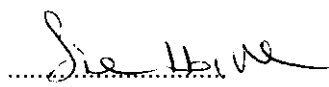
## BALANCE SHEETS AS AT 31 DECEMBER 2003

	Notes	Group 2003 £	2002 £	Company 2003 £	2002 £
<b>Fixed assets</b>					
Tangible assets	10	18,520,996	16,644,652	-	-
Investments	11	-	-	291,932	291,932
		<u>18,520,996</u>	<u>16,644,652</u>	<u>291,932</u>	<u>291,932</u>
<b>Current assets</b>					
Stocks	12	181,552	173,895	-	-
Debtors	13	6,031,000	4,829,391	4,126,965	4,128,440
Cash at bank and in hand		1,401	1,506	-	-
		<u>6,213,953</u>	<u>5,004,792</u>	<u>4,126,965</u>	<u>4,128,440</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(9,753,775)</u>	<u>(9,781,957)</u>	<u>(460,056)</u>	<u>(66,031)</u>
<b>Net current liabilities</b>		<u>(3,539,822)</u>	<u>(4,777,165)</u>	<u>3,666,909</u>	<u>4,062,409</u>
<b>Total assets less current liabilities</b>		<u>14,981,174</u>	<u>11,867,487</u>	<u>3,958,841</u>	<u>4,354,341</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(6,492,664)</u>	<u>(3,736,433)</u>	-	<u>(400,000)</u>
<b>Provisions for liabilities and charges</b>	16	<u>(1,414,235)</u>	<u>(1,312,336)</u>	-	-
		<u>7,074,275</u>	<u>6,818,718</u>	<u>3,958,841</u>	<u>3,954,341</u>
<b>Capital and reserves</b>					
Called up share capital	18	240,200	240,000	240,200	240,000
Share premium account	19	1,429,300	1,425,000	1,429,300	1,425,000
Revaluation reserve	19	1,224,796	1,239,901	-	-
Other reserves	19	564,732	564,732	167,411	167,411
Profit and loss account	19	3,615,247	3,349,085	2,121,930	2,121,930
<b>Shareholders' funds - equity interests</b>	20	<u>7,074,275</u>	<u>6,818,718</u>	<u>3,958,841</u>	<u>3,954,341</u>

The financial statements were approved by the board on 17<sup>th</sup> June 2004



M P T Donoghue (Chairman)  
Director



S E Holder FCA  
Director

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

	2003		2002	
	£	£	£	£
<b>Net cash inflow from operating activities</b>		2,546,431		2,030,241
<b>Returns on investments and servicing of finance</b>				
Interest received	2,272		286	
Interest paid	(535,706)		(514,056)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(533,434)		(513,770)
<b>Taxation</b>		(229,410)		(102,225)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(2,145,256)		(137,382)	
Receipts from sales of tangible assets	657,034		653,712	
<b>Net cash (outflow)/inflow for capital expenditure</b>		(1,488,222)		516,330
<b>Equity dividends paid</b>		(42,005)		(84,562)
<b>Net cash inflow before management of liquid resources and financing</b>		253,360		1,846,014
<b>Financing</b>				
Issue of ordinary share capital	4,500		-	
New long term bank loan	4,900,000		-	
Repayment of long term bank loan	(2,301,430)		(426,880)	
Repayment of other short term loans	(175,783)		(389,998)	
Capital element of hire purchase contracts	(1,148,435)		(1,443,359)	
<b>Net cash inflow/(outflow) from financing</b>		1,278,852		(2,260,237)
<b>Increase in cash in the year</b>		1,532,212		414,223

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

1	Reconciliation of operating profit to net cash inflow from operating activities	2003		2002	
		£		£	
	Operating profit	1,028,456		1,344,353	
	Loan waived	-		(500,000)	
	Depreciation of tangible assets	2,022,608		1,713,913	
	Profit on disposal of tangible assets	(63,294)		(35,464)	
	Increase in stocks	(7,657)		(68,499)	
	Increase in debtors	(1,201,609)		(439,793)	
	Increase in creditors within one year	767,927		15,731	
	<b>Net cash inflow from operating activities</b>	<b>2,546,431</b>		<b>2,030,241</b>	
2	Analysis of net debt	1 January 2003	Cash flow	Other non-cash changes	31 December 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,506	(105)	-	1,401
	Bank overdrafts	(3,904,935)	1,532,317	-	(2,372,618)
		(3,903,429)	1,532,212	-	(2,371,217)
	Hire purchase	(2,691,531)	1,148,435	(2,347,436)	(3,890,532)
	Debts falling due within one year	(591,803)	(224,217)	-	(816,020)
	Debts falling due after one year	(2,170,307)	(2,198,570)	-	(4,368,877)
		(5,453,641)	(1,274,352)	(2,347,436)	(9,075,429)
	<b>Net debt</b>	<b>(9,357,070)</b>	<b>257,860</b>	<b>(2,347,436)</b>	<b>(11,446,646)</b>
3	Reconciliation of net cash flow to movement in net debt	2003		2002	
		£		£	
	Increase/(decrease) in cash in the year	1,532,212		(378,224)	
	Cash (inflow)/outflow from (increase)/decrease in debt	(1,274,352)		2,260,237	
	Change in net debt resulting from cash flows	257,860		1,882,013	
	New hire purchase contracts	(2,347,436)		(1,787,433)	
	Loan waived	-		500,000	
	<b>Movement in net debt in the year</b>	<b>(2,089,576)</b>		<b>594,580</b>	
	Opening net debt	(9,357,070)		(9,951,650)	
	<b>Closing net debt</b>	<b>(11,446,646)</b>		<b>(9,357,070)</b>	

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

#### 1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

#### 1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2003. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

#### 1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	50 years
Plant and machinery	1-20 years
Motor vehicles	Tractor units 2-7 years
	Trailer units 5-10 years
	Cars 3-5 years

#### 1.6 Leasing and hire purchase commitments

Assets held under hire purchase are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.7 Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

#### 1.8 Stock

Stock is valued at the lower of cost and net realisable value.

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 1 Accounting policies

(continued)

#### 1.9 Pensions

The company operates a number of pension schemes. The assets of the schemes are held separately from those of the company, being invested with insurance companies and in an independently administered fund. Contributions to the scheme are charged to the profit and loss account as follows:-

1) Where benefits are based on final pensionable pay, pension costs are charged so as to spread the cost of pensions over employees' working lives with the company.

2) Where benefits are based on defined contributions to the scheme, pension costs are charged to the period in which they are payable.

#### 1.10 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### 2 Segmental analysis by class of business

The analysis by class of business of the group's turnover is set out as below:

#### Turnover

	2003 £	2002 £
<b>Class of business</b>		
Haulage	23,638,363	18,576,206
Warehousing	4,043,304	3,272,255
	<u>27,681,667</u>	<u>21,848,461</u>

### 3 Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2003 £	2002 £
<b>Geographical segment</b>		
U.K.	27,198,151	21,524,692
Europe	483,173	320,429
Other	343	3,340
	<u>27,681,667</u>	<u>21,848,461</u>

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

<b>4</b>	<b>Operating profit</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Depreciation of tangible assets	2,022,608	1,713,913
	Operating lease rentals		
	- Plant and machinery	174,140	234,161
	- Other assets	202,000	159,260
	Auditors' remuneration	17,201	16,025
	and after crediting:		
	Rents receivable	449,904	450,000
	Profit on disposal of tangible assets	(63,294)	(35,464)
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Interest payable</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	346,560	339,585
	Hire purchase charges	170,925	156,232
	Other interest	18,221	18,239
		<u>          </u>	<u>          </u>
		535,706	514,056
		<u>          </u>	<u>          </u>
<b>6</b>	<b>Other operating income</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Rent received	449,904	450,000
	Loan waived	-	500,000
		<u>          </u>	<u>          </u>
		449,904	950,000
		<u>          </u>	<u>          </u>

The loan waiver of £500,000 in 2002 is an amount previously advanced to the company in the form of a loan from Procter and Gamble which has subsequently been written off.

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

7	Taxation	2003 £	2002 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	46,121	229,545
	Adjustment for prior years	(135)	1,669
	<b>Current tax charge</b>	45,986	231,214
	<b>Deferred tax</b>		
	Deferred tax charge for current year	101,899	19,176
		147,885	250,390
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	495,022	830,583
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2002: 27.73%)	94,054	230,339
	Effects of:		
	Non deductible expenses	1,908	9,830
	Depreciation add back	384,296	475,827
	Capital allowances	(421,108)	(476,617)
	Adjustments to previous periods	(135)	1,669
	Chargeable disposals	(12,026)	(9,834)
	Other tax adjustments	(1,003)	-
		(48,068)	875
	<b>Current tax charge</b>	45,986	231,214

## 8 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2003 £	2002 £
Holding company's profit for the financial year	96,080	66,025

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

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9	Dividends	2003 £	2002 £
	Ordinary interim paid	36,030	36,000
	Second interim proposed	60,050	-
	Ordinary final proposed	-	30,025
		<hr/>	<hr/>
		96,080	66,025
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# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 10 Tangible fixed assets Group

	Freehold buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2003	7,283,228	5,890,682	9,849,034	23,022,944
Additions	399,980	837,461	3,255,251	4,492,692
Disposals	-	(11,650)	(1,594,731)	(1,606,381)
At 31 December 2003	7,683,208	6,716,493	11,509,554	25,909,255
<b>Depreciation</b>				
At 1 January 2003	294,932	1,737,642	4,345,718	6,378,292
On disposals	-	(10,436)	(1,002,205)	(1,012,641)
Charge for the year	96,465	415,713	1,510,430	2,022,608
At 31 December 2003	391,397	2,142,919	4,853,943	7,388,259
<b>Net book value</b>				
At 31 December 2003	7,291,811	4,573,574	6,655,611	18,520,996
At 31 December 2002	6,988,296	4,153,040	5,503,316	16,644,652

The freehold land and buildings were revalued by Messrs Alder King in October 1997, June 1998 and December 1998 on the basis of open market value for existing use.

#### Comparable historical cost for the land and buildings included at valuation:

	£
<b>Cost</b>	
At 1 January 2003	5,943,624
Additions	399,980
At 31 December 2003	6,343,604
<b>Depreciation based on cost</b>	
At 1 January 2003	218,743
Charge for the year	81,360
At 31 December 2003	300,103
<b>Net book value</b>	
At 31 December 2003	6,043,501
At 31 December 2002	5,724,881

The historical cost note and the corresponding revaluation reserve have both been restated in the year. As a result of the restatement of the revaluation reserve a corresponding entry has also been made to the profit and loss reserve.

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

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Included above are assets held under hire purchase contracts as follows:

	Plant and machinery £	Motor vehicles £	Total £
<b>Net book values</b>			
At 31 December 2003	42,185	5,341,185	5,383,370
At 31 December 2002	67,924	3,958,391	4,026,315
	<hr/>	<hr/>	<hr/>
<b>Depreciation charge for the year</b>			
31 December 2003	715	888,117	888,832
31 December 2002	24,558	608,640	633,198
	<hr/>	<hr/>	<hr/>

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 11 Fixed asset investments

#### Company

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2003 & at 31 December 2003	291,932
At 31 December 2002	291,932

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Langdon Industries Limited	England and Wales	Ordinary	100
Langdons Truck Stop (Taunton) Limited	England and Wales	Ordinary	100
Langdon Holdings Limited	England and Wales	Ordinary	100
Langdons Bridgwater Limited	England and Wales	Ordinary	100
Chillnet Limited	England and Wales	Ordinary	100
Langdon Walford Cross Limited	England and Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	<b>Principal activity</b>
Langdon Industries Limited	Provision of temperature controlled haulage, distribution, warehousing and transport services.
Langdons Truck Stop (Taunton) Limited	Dormant
Langdon Holdings Limited	Dormant
Langdons Bridgwater Limited	Dormant
Chillnet Limited	Dormant
Langdon Walford Cross Limited	Dormant

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 12 Stocks

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Raw materials and consumables	126,500	137,848	-	-
Finished goods and goods for resale	55,052	36,047	-	-
	<u>181,552</u>	<u>173,895</u>	<u>-</u>	<u>-</u>

### 13 Debtors

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	5,281,334	4,078,815	-	-
Amounts owed by group undertakings	-	-	4,066,915	4,128,440
Other debtors	184,025	139,365	60,050	-
Prepayments and accrued income	565,641	611,211	-	-
	<u>6,031,000</u>	<u>4,829,391</u>	<u>4,126,965</u>	<u>4,128,440</u>

### 14 Creditors : amounts falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	2,788,638	4,328,993	-	-
Net obligations under hire purchase contracts	1,766,745	1,125,405	-	-
Trade creditors	3,309,452	2,762,463	-	-
Amounts owed to group undertakings	-	-	6	6
Corporation tax	46,121	229,545	-	-
Taxes and social security costs	730,922	584,679	-	-
Other creditors	515,978	167,745	400,000	-
Accruals and deferred income	535,869	517,102	-	-
Proposed dividend	60,050	66,025	60,050	66,025
	<u>9,753,775</u>	<u>9,781,957</u>	<u>460,056</u>	<u>66,031</u>

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

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

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans	4,368,877	1,770,307	-	-
Other loans	-	400,000	-	400,000
Net obligations under hire purchase contracts	2,123,787	1,566,126	-	-
	<u>6,492,664</u>	<u>3,736,433</u>	<u>-</u>	<u>400,000</u>

#### Analysis of loans

Not wholly repayable within five years by instalments:

Bank loans	2,402,349	434,248	-	-
Other loans	-	400,000	-	400,000
Wholly repayable within five years	2,782,548	1,927,862	400,000	-
	<u>5,184,897</u>	<u>2,762,110</u>	<u>400,000</u>	<u>400,000</u>
Included in current liabilities	(816,020)	(591,803)	(400,000)	-
	<u>4,368,877</u>	<u>2,170,307</u>	<u>-</u>	<u>400,000</u>
Instalments not due within five years	2,402,349	434,248	-	100,000

#### Loan maturity analysis

In more than one year but not more than two years	445,227	441,175	-	80,000
In more than two years but not more than five years	1,521,301	1,194,884	-	220,000
In more than five years	2,402,349	534,248	-	100,000

The bank loans are repayable in equal instalments over 10 years. The bank loans consist of a £1.9m loan on which interest is charged at 1.25% above bank base rates and a £3m loan on which interest is charged at a fixed rate of 5.10772% for the first three years and at 1.25% above bank base rates from the fourth year onwards. The £1.9m loan is part of an agreed £2.2m loan which has not been fully drawn down.

The bank loans are secured by an unlimited all money guarantee over Langdon Walford Cross Limited, Langdons Bridgwater Limited and Langdon Group Limited in respect of all liabilities due to the bank. The bank also have first charge over all freehold land and buildings of the Group.

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 15 Creditors : amounts falling due after more than one year (continued)

	2003 £	2002 £	2003 £	2002 £
<b>Net obligations under hire purchase contracts</b>				
Repayable within one year	1,935,369	1,278,942	-	-
Repayable between one and five years	2,307,938	1,735,385	-	-
	<u>4,243,307</u>	<u>3,014,327</u>	<u>-</u>	<u>-</u>
Hire purchase charges and interest allocated to future accounting periods	(352,775)	(322,796)	-	-
	<u>3,890,532</u>	<u>2,691,531</u>	<u>-</u>	<u>-</u>
Included in liabilities falling due within one year	(1,766,745)	(1,125,405)	-	-
	<u>2,123,787</u>	<u>1,566,126</u>	<u>-</u>	<u>-</u>

### 16 Provisions for liabilities and charges Group

	Deferred taxation £
Balance at 1 January 2003	1,312,336
Profit and loss account	101,899
	<u>1,414,235</u>
Balance at 31 December 2003	<u>1,414,235</u>

Deferred taxation provided in the financial statements is as follows:

	Group 2003 £	2002 £	Company 2003 £	2002 £
Accelerated capital allowances	<u>1,414,235</u>	<u>1,312,336</u>	<u>-</u>	<u>-</u>

#### Revaluation of freehold properties

In the opinion of the directors, whilst there is a potential liability to tax on a chargeable gain on the revaluation of the freehold property, this liability will only crystallise in the event of the property being sold without it being possible to claim rollover relief. The amount unprovided is £128,473. At present it is not envisaged that any tax will become payable in the foreseeable future.

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 17 Pension costs

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 and amounted to £60,719 (2002- £83,242).

The company operated a pension scheme which provided benefits based on final pensionable pay. The trustees wound up the scheme with effect from 30 November 2002, subject to formal procedures, as required by current legislation. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme were charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The most recent valuation was at 19 January 2004. There are a number of options open to the trustees with regards the final closure of the scheme. The favoured option is for all members to buy their GMPs back in to the State Scheme by way of an Accrued Rights Premium. This would put the scheme in a surplus position of £30,799. A final decision is expected in the next six months.

18 Share capital	2003 £	2002 £
<b>Authorised</b>		
5,105,000 Ordinary shares of 10p each	510,500	510,500
<b>Allotted, called up and fully paid</b>		
2,402,000 Ordinary shares of 10p each	240,200	240,000

On 21 September 1999, the company granted certain employees the right to buy shares in the company at £2.25 per share. At 31 December 2002, there were options outstanding on over 75,000 shares, exercisable any time after three years from the date of the grant, provided the staff remain employees of the company. On 2 April 2003 options were exercised by an employee on 2000 shares. In January 2004 employees holding options of 34,500 waived their options at a compensation cost to the company of 95p per share.

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 19 Statement of movements on reserves

#### Group

	Share premium account £	Revaluation reserve £	Other reserves £	Profit and loss account £
Balance at 1 January 2003 - restated note 10	1,425,000	1,239,901	564,732	3,349,085
Retained profit for the year	-	-	-	251,057
Transfer from revaluation reserve to profit and loss account	-	(15,105)	-	15,105
Premium on shares issued during the year	4,300	-	-	-
Balance at 31 December 2003	<u>1,429,300</u>	<u>1,224,796</u>	<u>564,732</u>	<u>3,615,247</u>

#### Company

	Share premium account £	Other reserves £	Profit and loss account £
Balance at 1 January 2003	1,425,000	167,411	2,121,930
Premium on shares issued during the year	4,300	-	-
Balance at 31 December 2003	<u>1,429,300</u>	<u>167,411</u>	<u>2,121,930</u>

#### Other reserves

Balance at 1 January 2003 & at 31 December 2003	<u>167,411</u>
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# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

20	Reconciliation of movements in shareholders' funds Group	2003 £	2002 £
	Profit for the financial year	347,137	580,193
	Dividends	(96,080)	(66,025)
		<u>251,057</u>	<u>514,168</u>
	Proceeds from issue of shares	4,500	-
		<u>255,557</u>	<u>514,168</u>
	Net addition to shareholders' funds	6,818,718	6,304,550
	Opening shareholders' funds	<u>7,074,275</u>	<u>6,818,718</u>
	Closing shareholders' funds	<u>7,074,275</u>	<u>6,818,718</u>

In 2002 a prior year adjustment was made in the accounts of £1,293,160 in relation to deferred tax, previously unprovided.

	2003 £	2002 £
<b>Company</b>		
Profit for the financial year	96,080	66,025
Dividends	(96,080)	(66,025)
	<u>-</u>	<u>-</u>
Proceeds from issue of shares	4,500	-
	<u>4,500</u>	<u>-</u>
Net addition to shareholders' funds	3,954,341	3,954,341
Opening shareholders' funds	<u>3,958,841</u>	<u>3,954,341</u>
Closing shareholders' funds	<u>3,958,841</u>	<u>3,954,341</u>

### 21 Financial commitments

At 31 December 2003 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003 £	2002 £	2003 £	2002 £
Expiry date:				
Within one year	42,765	112,500	72,729	76,383
Between two and five years	-	-	22,638	161,662
	<u>42,765</u>	<u>112,500</u>	<u>95,367</u>	<u>238,045</u>

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

22 Directors' emoluments	2003 £	2002 £
Emoluments for qualifying services	251,518	244,146

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	78,000	76,340
Company pension contributions to money purchase scheme	9,750	9,750

The following directors had share options granted to them on 21 September 1999 - Mr M P T Donoghue 10,000, Mr R J Swindells 7,500, Mr P Rowe 7,500 and Mr R G Holder 7,500. These options were exercisable three years after the date of grant, at a price of £2.25 per share. In January 2004, the directors waived their rights to these options.

## 23 Employees

### Number of employees

The average monthly number of employees (including directors) during the year was:

	2003 Number	2002 Number
Administration	107	82
Haulage	175	134
Warehousing	82	66
	364	282

### Employment costs

	£	£
Wages and salaries	7,181,200	5,347,036
Social security costs	694,378	485,782
Other pension costs	60,719	83,242
	7,936,297	5,916,060

## 24 Control

There is no ultimate controlling party of the company or group.

# LANGDON GROUP LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2003*

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### 25 Related party transactions

#### **Group**

A group subsidiary incurred charges of £48,000 (2002: £48,000) during the year in respect of services provided by West Monkton Advisory Services Limited, a company in which S E Holder and R G Holder have a beneficial interest. S E Holder and R G Holder are both directors of Langdon Group Limited.