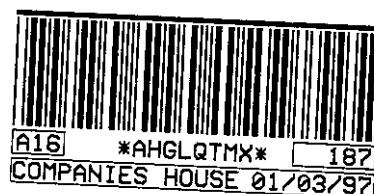


**Redcliffe International (Shipping)  
Limited**

**Directors' report and financial statements**

**For the year ended 31 December 1996**

Registered number 2674289



# Redcliffe International (Shipping) Limited

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1 - 2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes	7 - 15

# Redcliffe International (Shipping) Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

### Principal activities

The principal activity of the company is that of freight forwarders.

### Business review

The profit and loss account for the year is set out on page 5.

The benefits of the restructuring of the management of the company in 1995 were reflected in a return to profitability in 1996, with several major contracts being carried out in the year. The directors are optimistic of a continuing trend of profitability in 1997.

### Dividends

The directors do not recommend the payment of a dividend.

### Directors and directors' interests

The directors of the company who held office during the year and their interest in the share capital of the company were as follows:

	1996 Number	1995 Number
JH Friswell	-	-
ID Spottiswood (resigned 31 May 96)	-	-
MD Saunders (resigned 30 June 1996)	-	-
D Shaw	-	-
I Friswell (appointed 14 February 1996)	3,750	-
	8,750	*-

\* At date of appointment.

# Redcliffe International (Shipping) Limited

## Directors' report *(continued)*

### **Directors and directors' interests** *(continued)*

JH Friswell is also a director of the parent company. His interest in the share capital of the parent company is shown in that company's financial statements.

### **Taxation status**

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**JH Friswell**  
Secretary

Monsal House  
1 Bramble Way  
Somercotes  
Alfreton  
Derbyshire

19 February 1997

# Redcliffe International (Shipping) Limited

## 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 of the profit or loss 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 a 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



5 Stuart Street  
Derby  
DE1 2EQ

## Report of the auditors to the members of Redcliffe International (Shipping) Limited

We have audited the financial statements on pages 5 to 15.

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

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to be 'KPMG' or a similar stylized mark.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

19 February 1997

# Redcliffe International (Shipping) Limited

## Profit and loss account for the year ended 31 December 1996

	Note	1996 £	1995 £
<b>Turnover</b>			
Cost of sales	2	4,204,741 (3,173,063)	3,518,434 (2,936,814)
<b>Gross profit</b>			
Administrative expenses		1,031,678 (713,015)	581,620 (930,636)
<b>Operating profit/(loss)</b>			
Interest receivable		318,663	(349,016)
Interest payable and similar charges	5	437 (51,183)	308 (48,771)
<b>Profit/(loss) on ordinary activities before taxation</b>	6	267,917	(397,479)
Tax on profit/(loss) on ordinary activities	7	-	632
<b>Profit/(loss) for the financial year</b>	16	267,917	(396,847)

All results were derived from continuing activities.

The company has no recognised gains and losses other than those included in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(deficit) for the year stated above, and their historical cost equivalents.

# Redcliffe International (Shipping) Limited

## Balance sheet at 31 December 1996

	Note	1996		1995	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		59,772		70,693
Investments	9		2		2
			<u>59,774</u>		<u>70,695</u>
<b>Current assets</b>					
Stocks	10	4,342		66,184	
Debtors	11	633,103		405,402	
Cash at bank and in hand		858		1,998	
		<u>638,303</u>		<u>473,584</u>	
<b>Creditors: amounts falling due within one year</b>	12	(970,911)		(1,085,030)	
<b>Net current liabilities</b>			(332,608)		(611,446)
<b>Total assets less current liabilities</b>			<u>(272,834)</u>		<u>(540,751)</u>
<b>Provisions for liabilities and charges</b>	14		(2,500)		(2,500)
<b>Net liabilities</b>			<u>(275,334)</u>		<u>(543,251)</u>
<b>Capital and reserves</b>					
Called up share capital	15	50,000		50,000	
Profit and loss account	16	(325,334)		(593,251)	
<b>Deficit of equity shareholders' funds</b>	17	<u>(275,334)</u>		<u>(543,251)</u>	

These financial statements were approved by the board of directors on 19 February 1997 and were signed on its behalf by:

  
**JH Friswell**  
Director



# Redcliffe International (Shipping) Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, on a going concern basis. This assumes that the company will continue to trade. The validity of this assumption is dependent upon the continued support of the shareholders and the company's bankers. If the company were unable to continue to trade, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

#### *Consolidation*

The company is exempt by virtue of S248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about the group.

#### *Cash flow statement*

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

#### *Tangible fixed assets*

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Motor vehicles	25
Fixtures, fittings and office equipment	15

#### *Operating leases*

Costs in respect of operating leases are charged on a straight line basis over the lease term.

#### *Stocks*

Stocks and short term contracts in progress are stated at the lower of cost and net realisable value. Contracts in progress include costs incurred on contracts not completed during the year.

# Redcliffe International (Shipping) Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Foreign currencies*

Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the end of the year.

Foreign exchange differences on trading transactions are taken to the profit and loss account as they arise.

#### *Turnover*

Turnover, which excludes value added tax, represents the invoiced value of services supplied.

#### *Deferred taxation*

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability will crystallise.

#### *Pension contributions*

The company makes contributions to a defined contribution pension scheme on behalf of eligible employees. Contributions are charged to the profit and loss account in the period in which they are due.

### 2 Analysis of turnover

The turnover analysis arises solely from the principal activity of the company.

	1996 £	1995 £
<i>Geographical analysis</i>		
United Kingdom	2,001,000	1,600,000
Europe	10,000	8,000
USA	190,000	250,000
Rest of world	2,003,741	1,660,434
	<hr/>	<hr/>
	4,204,741	3,518,434
	<hr/>	<hr/>

# Redcliffe International (Shipping) Limited

## Notes (continued)

### 3 Directors' emoluments

	1996 £	1995 £
Emoluments (including pension contributions and benefits in kind) in respect of services as directors of the company	100,684	168,956

Directors' emoluments include £nil (1995: £30,000) paid by the company in respect of compensation for the loss of office of a director of the company.

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1996 £	1995 £
The chairman	36,997	53,863
The highest paid director	36,997	63,721

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges were:

	1996 Number	1995 Number
£0 - £5,000	2	-
£10,001 - £15,000	-	1
£15,001 - £20,000	1	-
£20,001 - £25,000	-	1
£30,001 - £35,000	1	-
£35,001 - £40,000	1	1
£50,001 - £55,000	-	1
£60,001 - £65,000	-	1

### 4 Employee information

The average number of persons (including directors) employed by the company during the year was:

	1996 Number	1995 Number
Sales	10	11
Administrative	5	5
	15	16

# Redcliffe International (Shipping) Limited

## Notes (continued)

### 4 Employee information (continued)

	1996 £	1995 £
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	258,431	349,771
Social security costs	23,872	39,749
Other pension costs	21,690	25,284
	<u>303,993</u>	<u>414,804</u>

### 5 Interest payable and similar charges

	1996 £	1995 £
On bank loans, overdrafts and other loans: Repayable within 5 years, not by instalments	51,183	48,771
	<u>51,183</u>	<u>48,771</u>

### 6 Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	1996 £	1995 £
Depreciation charge for the year	17,782	20,181
Auditors' remuneration	6,200	6,000
Loss/(profit) on disposal of fixed assets	1,039	(6,023)
Hire of assets - operating leases	21,983	12,906
	<u>21,983</u>	<u>12,906</u>

### 7 Tax on profit/(loss) on ordinary activities

	1996 £	1995 £
Deferred taxation	-	554
Over provision in respect of prior years	-	78
	<u>-</u>	<u>632</u>

# Redcliffe International (Shipping) Limited

## Notes (continued)

### 8 Tangible fixed assets

	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 1 January 1996	-	111,975	111,975
Additions	7,500	400	7,900
Disposals	-	(4,152)	(4,152)
At 31 December 1996	7,500	108,223	115,723
<b>Depreciation</b>			
At 1 January 1996	-	41,282	41,282
Charge for year	1,719	16,063	17,782
Disposals	-	(3,113)	(3,113)
At 31 December 1996	1,719	54,232	55,951
<b>Net book value</b>			
At 31 December 1996	5,781	53,991	59,772
At 31 December 1995	-	70,693	70,693

### 9 Fixed asset investments

	Interest in group undertakings £
<b>Cost</b>	
At 1 January 1996 and 31 December 1996	2
<b>Amounts written off</b>	
At 1 January 1996 and 31 December 1996	-
<b>Net book value</b>	
At 31 December 1996	2
At 31 December 1995	2

# Redcliffe International (Shipping) Limited

## Notes (continued)

### 9 Fixed asset investments (continued)

Shares in group undertakings represent the cost of investment in the subsidiary companies.

Name of undertaking	Principal activity	Net assets £
Paragon Freight Services Limited	Dormant	-
Red Ocean Line Limited	Dormant	2

All of the above investments represent 100% of the ordinary share capital of each company, held directly by Redcliffe International (Shipping) Limited.

### 10 Stocks

	1996 £	1995 £
Consumables	4,342	4,983
Contracts in progress	-	61,201
	<u>4,342</u>	<u>66,184</u>

### 11 Debtors

	1996 £	1995 £
<i>Amounts falling due within one year</i>		
Trade debtors	617,450	317,760
Amounts owed by parent company	-	68,203
Prepayments and accrued income	15,653	19,439
	<u>633,103</u>	<u>405,402</u>

# Redcliffe International (Shipping) Limited

## Notes (continued)

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

	1996 £	1995 £
Bank loans and overdraft	277,300	617,633
Directors' loan	100,000	-
Trade creditors	315,767	342,100
Amounts owed to parent undertaking	201,212	-
Other taxation and social security	10,534	17,679
Accruals	66,098	107,618
	<u>970,911</u>	<u>1,085,030</u>

The bank overdraft is secured by fixed and floating charges over the assets of the company.

### 13 Contingent liabilities

	1996 £	1995 £
Performance and advanced payment guarantees	105,000	105,000
	<u>105,000</u>	<u>105,000</u>

The above contingent liabilities are secured on the assets of the company.

### 14 Provisions for liabilities and charges

	Deferred taxation £
<i>Amount provided and full potential liability</i>	
At 1 January 1996	2,500
Profit and loss account	-
At 31 December 1996	<u>2,500</u>

### 15 Called up share capital

	1996 £	1995 £
<i>Authorised</i>		
100,000 ordinary shares of £1 each	100,000	100,000
<i>Allotted, called up and fully paid</i>		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

# Redcliffe International (Shipping) Limited

## Notes (continued)

### 16 Profit and loss account

	£
At 1 January 1996	
Profit for the year	(593,251)
	267,917
At 31 December 1996	<u>(325,334)</u>

### 17 Reconciliation of movement in shareholders' funds

	1996 £	1995 £
Opening shareholders' funds	(543,251)	(146,404)
Profit for the financial year	267,917	(396,847)
Deficit of closing shareholders' funds	<u>(275,334)</u>	<u>(543,251)</u>

### 18 Capital commitments

The company had no capital commitments as at 31 December 1996 or 1995.

### 19 Financial commitments

At 31 December 1996 the company had annual commitments under non-cancellable operating leases as follows:

	1996		1995	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	-	3,336	10,714	-
Two to five years	-	10,959	-	18,227
	<u>-</u>	<u>14,295</u>	<u>10,714</u>	<u>18,227</u>

### 20 Pension costs

Contributions made on behalf of employees to a defined contribution pension scheme were £21,687 (1995: £25,284).



# Redcliffe International (Shipping) Limited

## Notes *(continued)*

### 21 **Ultimate parent company**

The ultimate parent company, Friswell Holdings Limited, had a 75% interest in the equity capital of Redcliffe International (Shipping) Limited at 31 December 1996. Copies of the parent's financial statements may be obtained from The Company Secretary, Friswell Holdings Limited, No 1 Bramble Way, Somercotes, Derbyshire DE55 4RH.

### 22 **Related party transactions**

During the year Mr Ian Friswell, a director and shareholder, loaned £100,000 to the company. There are no formal terms of repayment. Interest is paid monthly to Mr I Friswell on the loan. The total paid in the year was £12,500.