

**Annual report  
for the year ended 31 December 1994**

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## **Directors' report for the year ended 31 December 1994**

The directors present their report and the audited financial statements for the year ended 31 December 1994.

### **Principal activities**

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

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

### **Review of business**

The performance of the business for the year was disappointing and the directors look forward to an improvement in the current year.

### **Dividends and transfers to reserves**

The directors do not recommend the payment of a dividend. The profit for the year of £58,451 will be transferred to reserves.

### **Changes in fixed assets**

The movements in fixed assets during the year are set out in notes 10 and 11 to the financial statements.

### **Directors**

The directors of the company at 31 December 1994, both of whom have been directors for the whole of the year ended on that date, were:

J H Friswell  
K Atkinson

I D Spottiswood and M D Saunders were appointed directors on 1 March 1995. D Shaw was appointed a director on 30 May 1995. On 1 September 1995, K Atkinson resigned as a director of the company.

**Directors' interests**

The interests of the directors in the shares of the company at 31 December 1994, according to the register required to be kept by Section 325 of the Companies Act 1985 were:

	Ordinary shares of £1 each	
	1994	1993
	Number and value	
K Atkinson	12,500	12,500
J Friswell	-	-
	=====	=====

J Friswell is also a director of the holding company. His interest in the share capital of the holding 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.

**Directors' responsibilities statement**

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1994. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis which assumes continuing support from the company's bankers. This assumption is referred to in more detail in note 1.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

J H Friswell  
Secretary

30/10/95.

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

We have audited the financial statements on pages 4 to 15.

## Respective responsibilities of directors and auditors

As described on page 2 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.

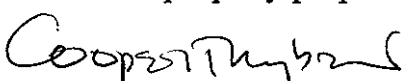
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

## Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the basis of preparation. The financial statements have been prepared on a going concern basis and the validity of this depends on the continued support of the group bankers by providing adequate overdraft facilities for a period of twelve months. The financial statements do not include any adjustments that would result from a failure to obtain such continued support. Details of the circumstances relating to the fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

## Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**Coopers & Lybrand**

Chartered Accountants and Registered Auditors  
Nottingham

20 October 1995

**Profit and loss account  
for the year ended 31 December 1994**

	Notes	1994 £	1993 £
Turnover	2	3,541,915	3,496,266
Cost of sales		(2,680,416)	(2,743,032)
Gross profit		861,499	753,234
Other operating income and expenses	3	(756,781)	(880,513)
Exceptional operating expense	6	-	(19,206)
Operating profit/(loss)		104,718	(146,485)
Net interest charges	7	(39,883)	(28,079)
Profit/(loss) on ordinary activities before taxation	8	64,835	(174,564)
Tax on ordinary activities	9	(6,384)	16,639
Profit/(loss) for the year	18	58,451	(157,925)

All items dealt with in arriving at profit/(loss) on ordinary activities before taxation relate to continuing activities.

The company has no recognised gains and losses other than those included in the profit/(losses) above, 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/(loss) for the year stated above, and their historical cost equivalents.

## Balance sheet at 31 December 1994

	Notes	1994 £	1993 £
<b>Fixed assets</b>			
Tangible assets	10	71,375	92,525
Investments	11	2	2
		<u>71,377</u>	<u>92,527</u>
<b>Current assets</b>			
Stocks	12	81,388	92,586
Debtors	13	606,819	537,337
Cash at bank and in hand		2,951	2,134
		<u>691,158</u>	<u>632,057</u>
<b>Creditors: amounts falling due within one year</b>	14	(905,885)	929,439
<b>Net current liabilities</b>		<u>(214,727)</u>	<u>(297,382)</u>
<b>Total assets less current liabilities</b>		<u>(143,350)</u>	<u>(204,855)</u>
<b>Provisions for liabilities and charges</b>	16	(3,054)	-
<b>Net liabilities</b>		<u>(146,404)</u>	<u>(204,855)</u>
<b>Capital and reserves</b>			
Called up share capital	17	50,000	50,000
Profit and loss account	18	(196,404)	(254,855)
<b>Deficit of equity shareholders' funds</b>	19	<u>(146,404)</u>	<u>(204,855)</u>

The financial statements on pages 4 to 15 were approved by the board of directors on 30/10/95 and were signed on its behalf by:

  
J H Friswell  
Director

## **Notes to the financial statements for the year ended 31 December 1994**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention. The company is not required to prepare and deliver to the Registrar of Companies consolidated financial statements in accordance with the provisions of Section 228 (i) (b) of the Companies Act 1985.

#### **Basis of preparing the financial statements - going concern**

During the year the company incurred a profit of £58,451 and at the balance sheet date its current liabilities exceeded its current assets by £146,404. The company meets its day to day working capital requirements through a bank overdraft facility which, in common with all such facilities, is repayable on demand. At the balance sheet date the overdraft was £249,987 which was within its agreed facility of £350,000.

The company's bankers have agreed to continue the facility on a day to day basis for a period of six months from 19 October 1995 conditional on the company meeting its projected cash flow forecasts for the year to 31 December 1995. These cash flow forecasts indicate that the company will be able to remain within its agreed facility. However the nature of the company's business is such that there can be considerable variation in the timing of cash inflows and there is therefore uncertainty about whether the cash flow forecasts will be met.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The validity of this assumption depends on the company being able to meet its projected cash flow forecasts and on the company's bankers continuing their support by providing adequate overdraft facilities.

If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Whilst the directors are presently uncertain as to the outcome of the matters mentioned above, they believe that it is appropriate for the financial statements to be prepared on a going concern basis.

**Cash flow**

A cash flow statement has not been prepared. The company is exempted from this requirement on the grounds that its size is below the de minimus limits set out in Financial Reporting Standard 1.

**Tangible fixed assets**

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

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:

	%
Plant and machinery	20
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.

**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 in the year in which 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 contributions pension scheme on behalf of eligible employees. Contributions are charged to the profit and loss account in the period in which they are due.

The company provides no other post retirement benefits to its employees.

## 2 Analysis by geographical area

	1994 £	1993 £
<b>Geographical segment</b>		
United Kingdom	1,600,767	1,960,374
Europe	8,000	14,276
USA	228,000	-
Rest of world	1,705,148	1,521,616
	<u>3,541,915</u>	<u>3,496,266</u>

## 3 Other operating income and expenses

	1994 £	1993 £
Administrative expenses	766,781	895,513
Less: other operating income - management fee	(10,000)	(15,000)
	<u>756,781</u>	<u>880,513</u>

## 4 Directors' emoluments

	1994	1993
Emoluments (including pension contributions and benefits in kind)	<u>£110,579</u>	<u>£108,699</u>

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

	1994	1993
The chairman, who is also the highest paid director	<u>£55,936</u>	<u>£55,420</u>

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 was:

	1994 Number	1993 Number
£40,001 to £45,000	-	1
£45,001 to £50,000	1	-
£55,001 to £60,000	1	1
	<u>          </u>	<u>          </u>

## 5 Employee information

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

	1994 Number	1993 Number
Sales	10	10
Administrative	5	5
	<u>          </u>	<u>          </u>
	15	15
	<u>          </u>	<u>          </u>

	1994 £	1993 £
<b>Staff costs (for the above persons)</b>		
Wages and salaries	298,848	307,927
Social security costs	28,840	29,009
Other pension costs	23,234	23,760
	<u>          </u>	<u>          </u>
	350,922	360,696
	<u>          </u>	<u>          </u>

## 6 Exceptional operating expense

The exceptional operating expense for 1993 represents a provision against the amounts due from the subsidiary company Paragon Freight Services Limited.

## 7 Net interest charges

	1994 £	1993 £
On bank loans, overdrafts and other loans;		
Repayable within 5 years, not by instalments	40,075	28,090
Interest receivable	(192)	(11)
	<u>39,883</u>	<u>28,079</u>

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

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

	1994 £	1993 £
Depreciation charge for the year	18,583	27,918
Auditors' remuneration	4,000	4,000
Loss/(profit) on disposal of fixed assets	1,216	(2,451)
Management charge to group company	(10,000)	(15,000)
Hire of plant and machinery - operating leases	26,999	25,732
Hire of other assets - operating leases	36,200	-
Bad debt provisions	43,253	122,904
	<u>43,253</u>	<u>122,904</u>

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

	1994 £	1993 £
United Kingdom corporation tax at 25% (1993: 25%)		
Group relief	3,014	-
Current	-	(13,075)
Deferred	3,054	(4,011)
Under provision in respect of prior years:		
Current	316	1,731
Deferred	-	(1,284)
	<u>6,384</u>	<u>(16,639)</u>

The tax charge for the year has been increased by approximately £4,000 as a result of disallowable expenditure and reduced by approximately £17,000 as a result of utilising losses brought forward.

## 10 Tangible fixed assets

	Motor vehicles £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>				
At 1 January 1994	23,576	51,813	89,073	164,462
Additions	-	-	13,474	13,474
Disposals	-	(51,813)	-	(51,813)
<b>At 31 December 1994</b>	<b>23,576</b>	<b>-</b>	<b>102,547</b>	<b>126,123</b>
<b>Depreciation</b>				
At 1 January 1994	9,329	34,446	28,162	71,937
Charge for year	5,896	1,326	11,361	18,583
Disposals	-	(35,772)	-	(35,772)
<b>At 31 December 1994</b>	<b>15,225</b>	<b>-</b>	<b>39,523</b>	<b>54,748</b>
<b>Net book value</b>				
At 31 December 1994	8,351	-	63,024	71,375
At 31 December 1993	14,247	17,367	60,911	92,525

## 11 Fixed asset investments

	Interest in group undertakings £
<b>Cost</b>	
At 1 January 1994 and at 31 December 1994	4
<b>Amounts written off</b>	
At 1 January 1994 and at 31 December 1994	(2)
<b>Net book value</b>	
At 31 December 1993 and at 31 December 1994	2

## Interests in group undertakings

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

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by company %	Principal activity
Paragon Freight Services Limited	England	Ordinary £1	100	Dormant
Red Ocean Line Limited	England	Ordinary £1	100	Dormant

All the above companies operated principally in their country of incorporation.

## 12 Stocks

	1994 £	1993 £
Contracts in progress	77,108	86,853
Consumables	4,280	5,733
	<u>81,388</u>	<u>92,586</u>

## 13 Debtors

	1994 £	1993 £
Amounts falling due within one year		
Trade debtors	569,684	465,649
Amounts owed by parent company	10,077	-
Corporation tax recoverable	4,082	11,448
Other debtors	5,040	12,972
Prepayments and accrued income	17,936	47,268
	<u>606,819</u>	<u>537,337</u>

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

	1994 £	1993 £
Bank overdraft	249,987	198,096
Trade creditors	472,861	264,226
Amounts owed to parent company	-	315,301
Other taxation and social security	12,680	11,814
Accruals	170,357	140,002
	<u>905,885</u>	<u>929,439</u>

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

**15 Contingent liabilities**

	1994 £	1993 £
Amount of guarantees in respect of bank overdrafts of holding company	8,114	146,949
Indemnities in respect of freight charges	-	134,524
Performance and advanced payment guarantees	<u>45,000</u>	<u>-</u>

In the opinion of the directors no losses will arise in respect of these contingent liabilities.

**16 Provisions for liabilities and charges**

	Deferred taxation £
At 1 January 1994	-
Profit and loss account	3,054
At 31 December 1994	<u>3,054</u>

## 17 Called up share capital

	1994 £	1993 £
<b>Authorised</b>		
100,000 ordinary shares of £1 each	100,000	100,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
50,000 ordinary shares of £1 each	50,000	50,000
	<u>          </u>	<u>          </u>

## 18 Profit and loss account

	£
At 1 January 1994	(254,855)
Profit for the year	58,451
	<u>          </u>
At 31 December 1994	(196,404)
	<u>          </u>

## 19 Reconciliation of movement in shareholders' funds

	1994 £	1993 £
Opening shareholders' funds	(204,855)	(46,930)
Profit/(loss) for the financial year	58,451	(157,925)
	<u>          </u>	<u>          </u>
Deficit of closing shareholders' funds	(146,404)	(204,855)
	<u>          </u>	<u>          </u>

## 20 Capital commitments

The company had no capital commitments as at 31 December 1994 or 1993.

## 21 Financial commitments

At 31 December 1994 the company had annual commitments under non-cancellable operating leases as follows:

	1994		1993	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	13,100	9,420	8,100	2,809
Two to five years	-	4,464	-	22,179
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	13,100	13,884	8,100	24,988
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 22 Ultimate parent company

The directors regard Friswell Holdings Limited, a company registered in England and Wales, as the ultimate parent company. According to the register kept by the company, Friswell Holdings Limited has a 75% interest in the equity capital of Redcliffe International (Shipping) Limited at 31 December 1994. Copies of the parent's consolidated financial statements may be obtained from The Secretary, Friswell Holdings Limited, Monsal House, No. 1 Bramble Way, Somercotes, DE55 4RH.