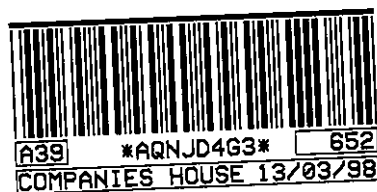


Redcliffe International (Shipping) Limited

Directors' report and financial statements

31 December 1997

Registered number 2674289



Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

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 company has continued to perform well in the year. The outlook for the forthcoming year is good.

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:

	1997 Number	1996 Number
JH Friswell	-	-
D Shaw	3,750	3,750
I Friswell	8,750	8,750

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.

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment 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

26 February 1998

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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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 14.

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 the company's affairs as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

27 February 1998

Profit and loss account
for the year ended 31 December 1997

	<i>Note</i>	1997 £	1996 £
Turnover	2	3,802,680	4,204,741
Cost of sales		(2,988,536)	(3,160,563)
Gross profit		<hr/> 814,144	<hr/> 1,044,178
Administrative expenses		(595,777)	(713,015)
Operating profit		<hr/> 218,367	<hr/> 331,163
Interest receivable		162	437
Interest payable and similar charges	5	(27,487)	(63,683)
Profit on ordinary activities before taxation	6	<hr/> 191,042	<hr/> 267,917
Tax on profit on ordinary activities	7	2,500	-
Profit for the financial year	17	<hr/> <hr/> 193,542	<hr/> <hr/> 267,917

All results were derived from continuing activities.

The company has no recognised gains or 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 on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Balance sheet
at 31 December 1997

	Note	1997		1996	
		£	£	£	£
Fixed assets					
Tangible assets	8		83,586		59,772
Investments	9		2		2
			<hr/>		<hr/>
			83,588		59,774
Current assets					
Stocks	10	4,145		4,342	
Debtors	11	509,698		633,103	
Cash at bank and in hand		33,449		858	
		<hr/>		<hr/>	
		547,292		638,303	
Creditors: amounts falling due within one year	12	(462,672)		(970,911)	
		<hr/>		<hr/>	
Net current assets/(liabilities)			84,620		(332,608)
			<hr/>		<hr/>
Total assets less current liabilities			168,208		(272,834)
Creditors: amounts falling due after more than one year	13	(250,000)		-	
Provisions for liabilities and charges	15	-		(2,500)	
		<hr/>		<hr/>	
Net liabilities			(81,792)		(275,334)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16	50,000		50,000	
Profit and loss account	17	(131,792)		(325,334)	
		<hr/>		<hr/>	
Deficit of equity shareholders' funds	18	(81,792)		(275,334)	
		<hr/>		<hr/>	

These financial statements were approved by the board of directors on 26 February 1998 and were signed on its behalf by:


JH Friswell
Director

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

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated 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.

Notes (continued)

1 Accounting policies (continued)

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.

	1997 £	1996 £
<i>Geographical analysis</i>		
United Kingdom	1,784,680	2,001,000
Europe	30,000	10,000
USA	98,000	190,000
Rest of world	1,890,000	2,003,741
	<hr/>	<hr/>
	3,802,680	4,204,741
	<hr/>	<hr/>

3 Directors' emoluments

	1997 £	1996 £
Emoluments in respect of services as directors of the company	109,840	90,271
Pension contributions	9,608	10,413
	<hr/>	<hr/>
	119,448	100,684
	<hr/>	<hr/>

Included above are emoluments of JH Friswell in respect of services to Redcliffe International (Shipping) Limited and its parent undertaking, Friswell Holdings Limited.

Pension contributions were made to a money purchase scheme on behalf of one director.

Notes (continued)

4 Employee information

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

	1997 £	1996 £
Sales	7	10
Administrative	4	5
	<hr/> 11	<hr/> 15
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows:

	1997 £	1996 £
Wages and salaries	266,314	258,431
Social security costs	25,791	23,872
Other pension costs	20,524	21,690
	<hr/> 312,629	<hr/> 303,993
	<hr/> <hr/>	<hr/> <hr/>

5 Interest payable and similar charges

	1997 £	1996 £
On bank loans and overdrafts	16,274	51,183
On other loans	11,213	12,500
	<hr/> 27,487	<hr/> 63,683
	<hr/> <hr/>	<hr/> <hr/>

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1997 £	1996 £
Depreciation charge for the year	30,430	17,782
Auditors' remuneration	7,000	6,200
Loss on disposal of fixed assets	1,664	1,039
Hire of assets - operating leases	14,840	21,983
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

7 Tax on profit on ordinary activities

	1997 £	1996 £
Deferred taxation credit	2,500	-
	<u>2,500</u>	<u>-</u>

8 Tangible fixed assets

	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>			
At 1 January 1997	7,500	108,223	115,723
Additions	31,888	28,736	60,624
Disposals	(7,500)	(3,235)	(10,735)
	<u>31,888</u>	<u>133,724</u>	<u>165,612</u>
At 31 December 1997	31,888	133,724	165,612
	<u>31,888</u>	<u>133,724</u>	<u>165,612</u>
<i>Depreciation</i>			
At 1 January 1997	1,719	54,232	55,951
Charge for year	6,248	24,182	30,430
Disposals	(2,344)	(2,011)	(4,355)
	<u>5,623</u>	<u>76,403</u>	<u>82,026</u>
At 31 December 1997	5,623	76,403	82,026
	<u>5,623</u>	<u>76,403</u>	<u>82,026</u>
<i>Net book value</i>			
At 31 December 1997	26,265	57,321	83,586
	<u>26,265</u>	<u>57,321</u>	<u>83,586</u>
At 31 December 1996	5,781	53,991	59,772
	<u>5,781</u>	<u>53,991</u>	<u>59,772</u>

Notes (continued)

9 Fixed asset investments

	Interest in group undertakings £
<i>Cost</i>	
At 1 January 1997 and 31 December 1997	2
<i>Amounts written off</i>	
At 1 January 1997 and 31 December 1997	-
<i>Net book value</i>	
At 31 December 1997	2
At 31 December 1996	2

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

	1997 £	1996 £
Consumables	4,145	4,342

11 Debtors

	1997 £	1996 £
Trade debtors	476,616	617,450
Other debtors	2,372	-
Prepayments and accrued income	30,710	15,653
	509,698	633,103

Notes (continued)

12 Creditors: amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	33,000	277,300
Directors' loan	-	100,000
Trade creditors	338,898	315,767
Amounts owed to group undertakings	2,991	201,212
Other taxation and social security	15,857	10,534
Accruals	71,926	66,098
	<u>462,672</u>	<u>970,911</u>

The bank loans and overdrafts are secured by fixed and floating charges over the assets of the company.

13 Creditors: amounts falling due after more than one year

	1997 £	1996 £
Amounts owed to group undertakings	125,000	-
Bank loans	125,000	-
	<u>250,000</u>	<u>-</u>

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

14 Contingent liabilities

	1997 £	1996 £
Performance and advanced payment guarantees	90,000	105,000
Guarantees in respect of bank overdrafts of parent undertaking	15,762	-
	<u>105,762</u>	<u>105,000</u>

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

Notes (continued)

15 Provisions for liabilities and charges

	Deferred taxation £
<i>Amount provided and full potential liability:</i>	
At 1 January 1997	2,500
Profit and loss account	(2,500)
	<hr/>
At 31 December 1997	-
	<hr/> <hr/>

16 Called up share capital

	1997 £	1996 £
<i>Authorised:</i>		
100,000 ordinary shares of £1 each	100,000	100,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
50,000 ordinary shares of £1 each	50,000	50,000
	<hr/>	<hr/>

17 Profit and loss account

	£
At 1 January 1997	(325,334)
Profit for the year	193,542
	<hr/>
At 31 December 1997	(131,792)
	<hr/> <hr/>

18 Reconciliation of movement in shareholders' funds

	1997 £	1996 £
Opening shareholders' funds	(275,334)	(543,251)
Profit for the financial year	193,542	267,917
	<hr/>	<hr/>
Deficit of closing shareholders' funds	(81,792)	(275,334)
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

19 Capital commitments

The company had no capital commitments as at 31 December 1997 or 1996.

20 Financial commitments

The company had annual commitments under non-cancellable operating leases as follows:

	1997		1996	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	-	7,764	-	3,336
Two to five years	-	-	-	10,959
	<hr/>	<hr/>	<hr/>	<hr/>
	-	7,764	-	14,295
	<hr/>	<hr/>	<hr/>	<hr/>

21 Pension costs

Contributions made on behalf of employees to a defined contribution pension scheme were £20,524 (1996: £21,690).

22 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 1997. 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.

23 Related party transactions

During 1996 Mr Ian Friswell, a director and a shareholder, loaned £100,000 to the company. This loan was repaid in full during the year. There were no formal terms of repayment. Interest was paid monthly to Mr I Friswell on the loan. The total paid in the year was £11,213 (1996: £12,500).