

2802047

FREIGHT TRAIN (UK) LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

for the year ended 4 December 1998



FREIGHT TRAIN (UK) LIMITED

COMPANY INFORMATION

DIRECTORS

LW Lawson
JM Goddard
BH Heather

SECRETARY

BH Heather

REGISTERED OFFICE

Quantica House
Warhurst Road
Lowfields Business Park
Elland
HALIFAX HX5 9DF

AUDITORS

KPMG Audit Plc
1 The Embankment
Neville Street
LEEDS
LS1 4DW

BANKERS

Barclays Bank plc
PO Box 190
Minerva House
29 East Parade
LEEDS LS1 5TW

SOLICITORS

Hammond Suddards
2 Park Lane
LEEDS LS3 1ES

COMPANY NUMBER

2802047

FREIGHT TRAIN (UK) LIMITED

DIRECTORS' REPORT for the year ended 4 December 1998

FINANCIAL STATEMENTS

The Directors submit their report and financial statements for the year ended 4 December 1998.

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 at the end of the financial year and of the profit or loss for that year. 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; and
- 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 are also responsible for safeguarding the assets of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is the provision of training services to the freight forwarding industry. With effect from 1 September 1998 the trade, assets and liabilities of the Company were transferred to Quantica Group Limited for £615,000 being the book value of the net assets. From this date the Company has become dormant acting solely as agent for Quantica Group Limited.

RESULTS AND DIVIDENDS

The Company's profit for the year after taxation amounted to £627,000 (eight month period ended 30 November 1997: £198,000). The Directors paid dividends during the year of £765,000 (eight month period ended 30 November 1997: £83,000) and £138,000 has been transferred from reserves.

DIRECTORS

The Directors who served the Company during the period, together with their beneficial interests, including family holdings, in the shares of the Company were as follows:

		<i>Ordinary shares of £1 each</i>	
		4 December 1998	30 November 1997
LW Lawson		-	-
BH Heather		-	-
PJ Bennett	(resigned 13 July 1998)	-	-
JM Goddard	(appointed 13 July 1998)	-	-
R Sinclair	(resigned 22 December 1998)	-	-
GG Pursey	(appointed 23 October 1998, resigned 28 May 1999)	-	-
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FREIGHT TRAIN (UK) LIMITED

DIRECTORS' REPORT for the year ended 4 December 1998

DIRECTORS (continued)

JM Goddard, LW Lawson and BH Heather are also directors of the ultimate parent company, Quantica plc. Their interests in the shares of that company are disclosed in that company's accounts.

MILLENNIUM AND EURO ISSUES

Work to ensure the effective transition of the Group's systems through the millennium date change is well advanced. The Company has established programmes for replacing any non-compliant systems by the Year 2000. The incremental costs of these programmes are not anticipated to be significant.

The Directors are considering the implications of the possible UK participation in European Monetary Union but do not consider at this stage that the introduction of the Euro will have any significant implications for the Company.

AUDITORS

On 14 December 1998 KPMG resigned as auditors and KPMG Audit Plc were appointed in their place. KPMG Audit Plc has expressed its willingness to continue in office. A resolution proposing the re-appointment of KPMG Audit Plc as auditors of the Company and giving authority to the Directors to agree its remuneration will be submitted to the forthcoming Annual General Meeting.

This report was approved by the Board on 23 September 1999



Director

AUDITORS' REPORT

To the members of Freight Train (UK) Limited

We have audited the financial statements on pages 5 to 10.

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.

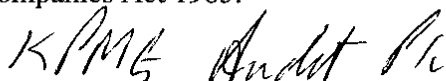
Basis of opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 4 December 1998 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
and Registered Auditors
1 The Embankment
Neville Street
LEEDS
LS1 4DW

23 September 1999

FREIGHT TRAIN (UK) LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 4 December 1998

	Notes	Year ended 4 December 1998 £'000	8 months to 30 November 1997 £'000
Turnover – continuing operations	2	1,195	857
Cost of sales		<u>(472)</u>	<u>(380)</u>
Gross profit		723	477
Administrative expenses		(170)	(200)
Group charges		<u>262</u>	<u>-</u>
Operating profit – continuing operations	3	815	277
Tax on profit on ordinary activities	4	<u>(188)</u>	<u>(79)</u>
Profit on ordinary activities after taxation		627	198
Dividends	5	<u>(765)</u>	<u>(83)</u>
(Deficit)/profit for the year transferred to reserves	10	<u><u>(138)</u></u>	<u><u>115</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the current financial year and preceding year.

FREIGHT TRAIN (UK) LIMITED**BALANCE SHEET
as at 4 December 1998**

	Notes	4 December 1998 £'000	30 November 1997 £'000
CURRENT ASSETS			
Debtors	6	-	889
Cash at bank and in hand		-	-
		-	889
CREDITORS: amounts falling due within one year	7	-	(751)
Net assets		-	138
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Profit and loss account	10	-	138
Shareholders' funds (all equity)		-	138

The financial statements on pages 5 to 10 were approved by the Board on 23 September 1999



Director

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and on a going concern basis. They have been prepared in accordance with applicable accounting standards.

Cashflow statement

Under the provisions of Financial Reporting Standard Number 1 (Revised 1996), the Company has not prepared a consolidated cashflow statement because, as a wholly owned subsidiary of Quantica plc, it satisfies the exemption criteria. A group cashflow statement is included in the financial statements of Quantica plc.

Turnover

Turnover represents amounts receivable for business services provided in the UK net of VAT and other related taxes.

Deferred taxation

Provision is made in respect of accelerated capital allowances and other timing differences to the extent that it is reasonably probable that such liabilities will become payable in the foreseeable future.

Pension costs

Company contributions made to certain employees' personal pension plans are charged to the profit and loss account in the year in which they are payable.

Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards.

2. TURNOVER AND OPERATING PROFIT

The Directors regard the Company as carrying on one continuing class of business, namely the provision of training services to the freight forwarding industry. Turnover and operating profit are generated within the United Kingdom.

3. OPERATING PROFIT is stated after charging

	Year ended 4 December 1998 £'000	8 months ended 30 November 1997 £'000
Auditors' remuneration – audit	5	5
– other	-	-

FREIGHT TRAIN (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. TAXATION

	Year ended 4 December 1998 £'000	8 months ended 30 November 1997 £'000
UK current year taxation		
UK corporation tax at 31% (8 month period ended 31 November 1997: 31%)	<u>188</u>	<u>79</u>

5. DIVIDENDS

Ordinary:

Dividends paid of £7,650 per share (8 month period ended 31 November 1997: £830) per share

<u>765</u>	<u>83</u>
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6. DEBTORS

	4 December 1998 £'000	30 November 1997 £'000
Trade debtors	-	149
Prepayments and accrued income	-	17
Amounts owed by group companies	-	721
Other debtors	<u>-</u>	<u>2</u>
	<u>-</u>	<u>889</u>

7. CREDITORS: amounts falling due within one year

Bank overdrafts	-	321
Trade creditors	-	10
Corporation tax	-	382
Other taxes and social security costs	-	14
Other creditors	-	2
Accruals and deferred income	<u>-</u>	<u>22</u>
	<u>-</u>	<u>751</u>

The bank overdraft is secured on the assets of the Company and its fellow group undertakings.

8. PENSION COSTS

The Company contributes to certain employees' personal pension plans. The assets of these schemes are held separately from those of the company. The pension cost charge amounted to £2,000 (8 month period ended 30 November 1997: £1,000).

FREIGHT TRAIN (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9. CALLED UP SHARE CAPITAL

	4 December 1998		30 November 1997	
	Number	£	Number	£
Authorised				
£1 ordinary shares	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid				
£1 ordinary shares	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

10. PROFIT AND LOSS ACCOUNT

	Profit and loss account	
	4	30
	December	November
	1998	1997
	£'000	£'000
1 December 1997	138	23
(Deficit)/profit in the year	<u>(138)</u>	<u>115</u>
4 December 1998	<u>-</u>	<u>138</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	4	30
	December	November
	1998	1997
	£'000	£'000
Profit for the year	627	198
Dividends	<u>(765)</u>	<u>(83)</u>
(Reduction in)/net addition to shareholders' funds	<u>(138)</u>	<u>115</u>
Opening shareholders' funds	<u>138</u>	<u>23</u>
Closing shareholders' funds	<u>-</u>	<u>138</u>

12. FINANCIAL COMMITMENTS

At 4 December 1998 the Company had no annual commitments under non-cancellable operating leases (8 month period ended 30 November 1997: £nil) or contracted capital expenditure commitments.

NOTES TO THE FINANCIAL STATEMENTS

13. DIRECTORS

(1) Emoluments

Year ended 4 December 1998 £'000	8 months ended 30 November 1997 £'000
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The emoluments of directors of the Company were:

Emoluments (including pension contributions and benefits in kind)	<u>10</u>	<u>49</u>
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The aggregate emoluments of the highest paid director (excluding pension contributions) were £6,000 (1997: £40,000).

None of the directors participated in a defined benefit pension scheme to which the company contributed.

14. EMPLOYEES

(1) Number of employees

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

Year ended 4 December 1998 Number	8 months ended 30 November 1997 Number
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Administration	<u>31</u>	<u>32</u>
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(2) Employment costs

£'000	£'000
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Wages and salaries	461	334
Social security costs	45	32
Other pension costs	<u>2</u>	<u>1</u>
	<u>508</u>	<u>367</u>

15. CONTINGENT LIABILITIES

The Company is party to a cross guarantee arrangement with certain fellow group undertakings in relation to certain group borrowings.

16. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Quantica plc, the Company has taken advantage of the exemption in FRS8 "related party transactions", not to disclose transactions with other members of the group.

17. ULTIMATE PARENT UNDERTAKING

The Directors regard Quantica plc, a company incorporated in Great Britain and registered in England and Wales, as the Company's ultimate parent undertaking. Copies of the ultimate parent undertaking's financial statements are available from the Secretary at Quantica House, Warhurst Road, Lowfields Business Park, Elland, Halifax, West Yorkshire HX5 9DF.