

2802047

FREIGHT TRAIN (UK) LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

**for the eight month period
ended 30 November 1997**



FREIGHT TRAIN (UK) LIMITED

COMPANY INFORMATION

DIRECTORS

JE Barker
LW Lawson
J Goddard
BH Heather
R Sinclair

SECRETARY

BH Heather

REGISTERED OFFICE

Quantica House
Lowfields Business Park
Elland
HALIFAX HX5 9DF

AUDITORS

KPMG
Peat House
1 Commercial Street
BRADFORD BD1 4AS

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 eight month period ended 30 November 1997

FINANCIAL STATEMENTS

The Directors submit their report and financial statements for the eight month period ended 30 November 1997.

DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company at the end of the financial period 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; 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.

CHANGE OF YEAR END

The Company changed its accounting reference date from 31 March to 30 November on 23 September 1998.

PRINCIPAL ACTIVITY

The principal activity of the Company is the provision of training services to the freight forwarding industry. On 2 June 1997 the whole of the issued share capital of the Company's immediate parent undertaking was acquired by Quantica plc.

RESULTS AND DIVIDENDS

The Company's profit for the period after taxation amounted to £198,000 (year ended 31 March 1997: £956,000). The Directors paid dividends during the period of £83,000 (year ended 31 March 1997: £1,230,000).

DIRECTORS

The Directors who served during the period are set out on Page 1. None of the Directors who served the Company during the period had beneficial interests in the shares of the Company. PJ Bennett was appointed a director on 2 June 1997 and resigned on 13 July 1998.

JE Barker, PJ Bennett and BH Heather are directors of the ultimate parent company. Their interests in the shares of that company are shown in that company's financial statements. On 13 July 1998 J Goddard was appointed a director.

The interests of the Directors in the share capital of Quantica plc are disclosed in that company's financial statements.

FREIGHT TRAIN (UK) LIMITED

DIRECTORS' REPORT
for the eight month period ended 30 November 1997

AUDITORS

Following the acquisition of the Company's immediate parent undertaking by Quantica plc the Company's auditors, Wheawill & Sudworth, resigned from office. The Directors appointed KPMG as auditors to fill the casual vacancy arising.

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that KPMG be re-appointed as auditors of the Company will be put to the Annual General Meeting.

This report was approved by the Board on 25 September 1998.



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 30 November 1997 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
and Registered Auditors
Peat House
1 Commercial Street
BRADFORD BD1 4AS

25 September 1998

FREIGHT TRAIN (UK) LIMITED

PROFIT AND LOSS ACCOUNT for the 8 month period ended 30 November 1997

	Notes	8 months to 30 November 1997 £'000	Year ended 31 March 1997 £'000
Turnover – continuing operations	2	857	1,763
Cost of sales		<u>(380)</u>	<u>(574)</u>
Gross profit		477	1,189
Administrative expenses		(200)	(204)
Other operating income		<u>-</u>	<u>271</u>
Operating profit – continuing operations	3	277	1,256
Interest payable and similar charges	4	<u>-</u>	<u>(2)</u>
Profit on ordinary activities before taxation		277	1,254
Tax on profit on ordinary activities	5	<u>(79)</u>	<u>(298)</u>
Profit on ordinary activities after taxation		198	956
Dividends paid and proposed	6	<u>(83)</u>	<u>(1,230)</u>
Profit/(deficit) for the period transferred to reserves	11	<u><u>115</u></u>	<u><u>(274)</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

The accompanying notes are an integral part of this profit and loss account.

FREIGHT TRAIN (UK) LIMITED**BALANCE SHEET
as at 30 November 1997**

	Notes	30 November 1997 £'000	31 March 1997 £'000
CURRENT ASSETS			
Debtors	7	889	457
Cash at bank and in hand		-	119
		<u>889</u>	<u>576</u>
CREDITORS: amounts falling due within one year	8	<u>(751)</u>	<u>(553)</u>
Net assets		<u><u>138</u></u>	<u><u>23</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Profit and loss account	11	<u>138</u>	<u>23</u>
Shareholders' funds (all equity)		<u><u>138</u></u>	<u><u>23</u></u>

The financial statements on pages 5 to 10 were approved by the Board on 25 September 1998.



Director

FREIGHT TRAIN (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

	8 months ended 30 November 1997 £'000	Year ended 31 March 1997 £'000
Auditors' remuneration – audit	5	5
– other	-	-
Hire purchase charges	-	1

FREIGHT TRAIN (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. INTEREST

	8 months ended 30 November 1997 £'000	Year ended 31 March 1997 £'000
Interest payable		
Other interest payable	-	2

5. TAXATION

UK current year taxation		
UK corporation tax at 31% (year ended 31 March 1997: 33%)	79	298

6. DIVIDENDS

Ordinary:		
Interim dividend paid of £830 per share (year ended 31 March 1997: £12,300) per share	83	1,230

7. DEBTORS

	30 November 1997 £'000	31 March 1997 £'000
Trade debtors	149	369
Prepayments and accrued income	17	22
Amounts owed by group companies	721	50
Other debtors	2	15
	889	457

8. CREDITORS: amounts falling due within one year

Bank overdrafts	321	-
Trade creditors	10	13
Amounts owed to group companies	-	14
Corporation tax	382	62
Other taxes and social security costs	14	395
Other creditors	2	-
Accruals and deferred income	22	69
	751	553

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

9. 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 £1,000 (year ended 31 March 1997: £2,000).

FREIGHT TRAIN (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. CALLED UP SHARE CAPITAL

	30 November 1997		31 March 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>

11. RESERVES

	Profit and loss account	
	30 November 1997 £'000	31 March 1997 £'000
At beginning of period	23	251
Profit/(deficit) in the period	<u>115</u>	<u>(274)</u>
30 November 1997	<u>138</u>	<u>23</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 November 1997 £'000	31 March 1997 £'000
Profit for the period	198	956
Dividends	<u>(83)</u>	<u>(1,230)</u>
Net addition to/(reduction in) shareholders' funds	115	(274)
Opening shareholders' funds	<u>23</u>	<u>297</u>
Closing shareholders' funds	<u>138</u>	<u>23</u>

13. FINANCIAL COMMITMENTS

At 30 November 1997 the Company had no annual commitments under non-cancellable operating leases (year ended 31 March 1997: £nil) or contracted capital expenditure commitments.

14. DIRECTORS

(1) Emoluments

	8 months ended 30 November 1997 £'000	12 months ended 31 March 1997 £'000
The emoluments of directors of the Company were:		
Emoluments (including pension contributions and benefits in kind)	<u>49</u>	<u>30</u>

The aggregate emoluments of the highest paid director (excluding pension contributions) were £40,000.

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

FREIGHT TRAIN (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

15. EMPLOYEES

(1) Number of employees

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

	8 months ended 30 November 1997 Number	12 months ended 31 March 1997 Number
Administration	32	30
(2) Employment costs	£'000	£'000
Wages and salaries	334	446
Social security costs	32	42
Other pension costs	1	2
	367	490

16. CONTINGENT LIABILITIES

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

17. 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.

18. ULTIMATE PARENT UNDERTAKING

The Directors regard Gartland Whalley and Barker plc ("GWB"), 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 Crossley House, Belle Vue Park, Hopwood Lane, Halifax HX1 5EB.

GWB is the parent undertaking of the largest group of which Freight Train (UK) Limited is a member and for which group accounts are drawn up. Quantica plc, incorporated in Great Britain and registered in England and Wales, is the parent undertaking of the smallest group of which Freight Train (UK) Limited is a member and for which group accounts are drawn up.