

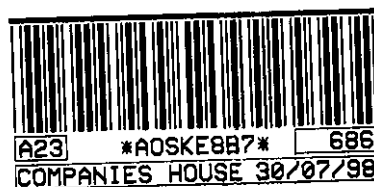


**PENNINE HAULAGE LIMITED**

**Report and Financial Statements**

**31 December 1997**

**Deloitte & Touche  
10-12 East Parade  
Leeds  
LS1 2AJ**



**REPORT AND FINANCIAL STATEMENTS 1997**

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**REPORT AND FINANCIAL STATEMENTS 1997****OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

P Lockwood (resigned 27 November 1997)  
K A Riley (appointed 31 January 1997)  
R I W Boyd (appointed 31 January 1997)  
M J Peacock (appointed 31 January 1997)  
A Worrall (resigned 31 January 1997)

**SECRETARY**

A Worrall (resigned 31 January 1997)  
R I W Boyd (appointed 31 January 1997)

**REGISTERED OFFICE**

PO Box No 5  
Fell Bank  
Birtley  
Chester-le-Street  
County Durham  
DH3 2ST

**BANKERS**

Barclays Bank plc  
Gateshead Business Centre  
P O Box 22  
Gateshead  
Tyne & Wear  
NE1 BX

**SOLICITORS**

Eversheds  
London Scottish House  
24 Mount Street  
Manchester  
M2 3DB

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
10-12 East Parade  
Leeds  
LS1 2AJ



## **DIRECTORS' REPORT**

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

### **ACTIVITIES**

The principal activity of the company throughout the period was that of road haulage.

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

Company development has been satisfactory and is expected to continue to be so. On 31 January 1997, the entire share capital of the company was acquired by Tilcon (North) Limited.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The profit for the financial year amounted to £33,097 (1996: £4,125). The directors do not recommend the payment of a dividend (1996 : £Nil) which leaves a profit of £33,097 (1996 : £4,125) to be retained.

### **FIXED ASSETS**

Changes in the company's fixed assets during the period are described in note 7 to the accounts.

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year were as follows:

P Lockwood (resigned 27 November 1997)

A Worrall (resigned 31 January 1997)

K A Riley (appointed 31 January 1997)

R I W Boyd (appointed 31 January 1997)

M J Peacock (appointed 31 January 1997)

No director had any interest in the shares of the company.

### **AUDITORS**

Bull Payne & Co resigned as auditors and Deloitte & Touche were appointed in their place.

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

R I W Boyd  
Secretary

15th July 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 as at the end of the financial year and of the profit or loss of the company 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
- 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.



## AUDITORS' REPORT TO THE MEMBERS OF

### PENNINE HAULAGE LIMITED

We have audited the financial statements on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

#### 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.

**Deloitte & Touche**

Chartered Accountants  
and Registered Auditors

22 July 1998


**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1997**

	Note	31 December 1997 £	31 December 1996 £
<b>TURNOVER : continuing operations</b>	2	1,986,351	1,885,710
Cost of sales		(1,825,461)	(1,681,212)
<b>GROSS PROFIT</b>		160,890	204,498
Administrative expenses		(125,718)	(181,720)
<b>OPERATING PROFIT: continuing operations</b>	4	35,172	22,778
Interest payable	5	-	(14,577)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		35,172	8,201
Taxation	6	(2,075)	(4,076)
<b>RETAINED PROFIT TRANSFERRED TO RESERVES</b>	14	33,097	4,125

**STATEMENT OF RECOGNISED GAINS AND LOSSES**

There are no recognised gains or losses other than the profit for the financial year of £33,097 in the year ended 31 December 1997 and £4,125 in the year ended 31 December 1996.

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	1997 £	1996 £
Profit for the financial year	33,097	4,125
Net addition to shareholders' funds	33,097	4,125
Opening shareholders' funds	25,634	21,509
Closing shareholders' funds	58,731	25,634


**BALANCE SHEET**  
**31 December 1997**

	Note	1997 £'000	1996 £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	21,471	18,804
<b>CURRENT ASSETS</b>			
Stocks	8	14,662	11,157
Debtors	9	403,108	229,631
Cash at bank and in hand		100	122,598
		417,870	363,386
<b>CREDITORS: amounts falling due within one year</b>	10	(172,075)	(354,812)
<b>NET CURRENT ASSETS</b>		245,795	8,574
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		267,266	27,378
<b>CREDITORS : amounts falling due after one year</b>	11	(208,535)	-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	-	(1,744)
		58,731	25,634
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	100	100
Profit and loss account	14	58,631	25,534
<b>EQUITY SHAREHOLDERS' FUNDS AND TOTAL SHAREHOLDERS' FUNDS</b>		58,731	25,634

These financial statements were approved by the Board of Directors on 15th July 1998.

Signed on behalf of the Board of Directors

Director  
R. I. W. BOYD



**NOTES TO THE ACCOUNTS****Year ended 31 December 1997****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value added tax.

**Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures and fittings	20% per annum
Motor Vehicles	20% per annum

**Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

**Leased assets**

Assets held under finance leases and hire purchase contracts are capitalised at the estimated fair value at date of inception of each lease or contract. The assets are depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to the profit and loss account as incurred.

**Pensions**

The company makes monthly pension contributions into personal pension plans. The costs arising are recognised as they accrue.



**NOTES TO THE ACCOUNTS**

**Year ended 31 December 1997**

**2. TURNOVER**

The turnover and profit before taxation is attributable to the principal activity of the company and earned entirely within the United Kingdom.

**3. DIRECTORS AND EMPLOYEE COSTS**

	1997 £	1996 £
<b>Directors emoluments</b>		
Salary	8,452	28,784
Compensation for loss of office	15,747	-
	<u>24,199</u>	<u>28,784</u>
 Average number of persons employed	 <u>37</u>	 <u>34</u>
 Staff costs during the year (including directors)		
Wages and salaries	525,623	459,351
Social security costs	51,880	42,007
Other pension costs	8,448	-
	<u>585,951</u>	<u>501,358</u>

**4. OPERATING PROFIT**

	1997 £	1996 £
<b>Operating profit is stated after charging</b>		
Depreciation of tangible assets	10,808	27,129
Operating lease rentals:		
Hire of plant and equipment	576,168	492,476
Auditors' remuneration	3,745	3,024
	<u>590,721</u>	<u>522,629</u>

**5. INTEREST PAYABLE**

	1997 £	1996 £
Interest on hire purchase and finance lease contracts	<u>-</u>	<u>14,577</u>


**NOTES TO THE ACCOUNTS**
**Year ended 31 December 1997**
**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1997 £	1996 £
United Kingdom corporation tax at 33/31% (1996: 24.4%)	3,819	9,180
Deferred taxation	(1,744)	(5,104)
	<u>2,075</u>	<u>4,076</u>

The tax charge for the year is disproportionately low due to group relief received free of charge.

**7. TANGIBLE FIXED ASSETS**

	Motor Vehicles £'000	Fixtures and Fittings £'000	Total £'000
<b>Cost or valuation</b>			
At 1 January 1997	-	29,238	29,238
Additions	3,500	-	3,500
Inter group	12,894	-	12,894
	<u>16,394</u>	<u>29,238</u>	<u>45,632</u>
At 31 December 1997	16,394	29,238	45,632
<b>Depreciation</b>			
At 1 January 1997	-	10,434	10,434
Charge for the year	3,500	7,308	10,808
Inter group	2,919	-	2,919
	<u>6,419</u>	<u>17,742</u>	<u>24,161</u>
At 31 December 1997	6,419	17,742	24,161
<b>Net book value</b>			
At 31 December 1997	<u>9,975</u>	<u>11,496</u>	<u>21,471</u>
At 31 December 1996	<u>-</u>	<u>18,804</u>	<u>18,804</u>

**8. STOCKS**

	1997 £	1996 £
Raw materials	<u>14,662</u>	<u>11,157</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1997**
**9. DEBTORS**

	1997 £	1996 £
Amounts falling due within one year:		
Amount owed by parent company	397,831	-
Trade debtors	1,778	185,485
Other debtors	3,499	44,146
	<u>403,108</u>	<u>229,631</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1997 £	1996 £
Trade creditors	158,278	90,697
Loan	-	205,035
Other taxes and social security	440	32,671
Corporation tax	1,394	-
Other creditors	11,963	26,409
	<u>172,075</u>	<u>354,812</u>

**11. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	1997 £	1996 £
Loan from parent company	208,535	-
	<u>208,535</u>	<u>-</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1997**
**12. PROVISIONS FOR LIABILITIES AND CHARGES**

	1997 £	1996 £
Deferred taxation	1,744	1,744
At start of year	1,744	6,848
(Credit)/charge for the year	(1,744)	(5,104)
At end of year	-	1,744

Provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes, except where it is probable that a liability will not crystallise. The source of the balance on the deferred taxation account and the amounts for which provision has not been made are as follows:

Deferred taxation	Provided		Not provided	
	1997 £	1996 £	1997 £	1996 £
Capital allowances in excess of depreciation	-	1,744	-	-

**13. EQUITY SHARE CAPITAL**

	1997 No	1997 £	1996 No	1996 £
Authorised				
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
Called up, allotted and fully paid				
Ordinary shares of £1 each	100	100	100	100

**14. RESERVES**

	Profit and loss account £
Balance at 1 January 1997	25,534
Retained profit for the year	33,097
At 31 December 1997	58,631



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1997**

**15. FINANCIAL COMMITMENTS**

**Operating Leases**

At 31 December 1997 the company had annual commitments under non-cancellable operating leases as set out below:-

	1997 £	1996 £
Operating leases that expire:		
within one year	509,894	373,827
in the second to fifth years	1,131,415	1,157,891
	<u>1,641,309</u>	<u>1,531,718</u>

**16. PENSION**

The company makes monthly contributions into personal pension plans established by some employees. The personal pensions are administered by independent trustees and the assets of the personal pensions are invested independently of the finances of the company. The pension costs charge represents contributions payable by the company. At the year end there were no amounts payable or prepaid in respect of any of these pension arrangements.

**17. PARENT COMPANY**

The ultimate parent undertaking of Pennine Haulage Limited and the parent company of the smallest group for which group accounts are prepared is Minorco, a Societe Anonyme incorporated in Luxembourg, which prepared group accounts including Pennine Haulage Limited, copies of which are available from Minorco at 9 Rue Sainte Zithe, L-2763 Luxembourg City, Grand Duchy, Luxembourg.