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TDG LIMITED

DIRECTORS' REPORT AND ACCOUNTS

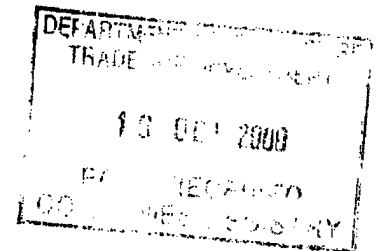
31 DECEMBER 1999.



Certified to be a true and correct copy

Secretary

For TDG Secretaries Limited



Company Number: 540403

TDG LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1999

The Directors present their report and audited accounts for the year ended 31 December 1999.

Principal Activities and Business Review

The Company acts as the principal trading company of Transport Development Group PLC in the United Kingdom. The principal activities of the Company are storage and logistics.

The Directors have continued to develop the business of the Company in the light of prevailing trading conditions and the position as at 31 December 1999 is reflected in the audited accounts for the year ended on that date. The present intention is to continue the development of the existing business of the Company.

Millennium Issue

The Company's millennium compliance programme, started in mid 1997, was sufficiently comprehensive that no millennium problems were encountered with the Company's operating systems.

Dividends

The Directors paid no interim dividend during the year (1998: £8,264,188). A final dividend for the year ended 31 December 1999 of £5,000,000 (1998: £6,000,000) is recommended for payment to shareholders on 1 March 2000, giving a total dividend for the year of £5,000,000 (1998 £14,264,188).

Transfers to reserves are £2,019,000 (1998: £8,915,000).

Fixed Assets

Details of the movements in tangible fixed assets, and of the property revaluation carried out during 1998, are given in note 14 to the accounts.

TDG LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1999 (Cont'd)

Directors

The Directors who served during the year were:

D N C Garman (appointed 29 April 1999)
A J Cole (resigned 29 April 1999)
S G Bodger (resigned 24 September 1999)
I R Dye
K D Mellor (resigned 30 September 1999)

According to the register kept by the Company, no Director has an interest in shares or debentures of the Company. Each of the Directors serving at the year end is a Director of the parent undertaking of the Company, Transport Development Group PLC, and is not therefore obliged to notify the Company of his interest in the shares or debentures of the parent.

Details of the payment made to Mr Bodger in compensation for loss of office is shown in the Report and Accounts of the parent company, Transport Development Group PLC.

Supplier Payment Policy

The Company agrees terms and conditions for its transactions with suppliers. Payment is then made on these terms and conditions being met by the supplier. In 1999, the average number of days' credit taken by the Company from suppliers was 37 days (1998: 37 days).

Employee Involvement

The decentralised group management structure ensures that communication is direct and simple. The Company continued to use the European Works Council established in 1996 by Transport Development Group PLC to communicate with employee representatives.

Every effort is made to ensure, wherever practicable, that pay is linked to results.

In recruitment, training, career development and promotion, the Company makes no distinction between disabled and able-bodied persons, provided the disability does not make the particular employment impractical, or the employee unable to conform to the stringent statutory regulations which apply to the many operations of the Company.

Employees are invited to participate in the Save-As-You-Earn Share Option Scheme operated by Transport Development Group PLC.

TDG LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1999 (Cont'd)

Directors' Duties and Responsibilities

The Directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of the affairs of the Company as at the end of the financial year and of the profit or loss for the financial year. The Directors consider that in preparing the accounts on pages 5 to 17, the Company has used appropriate accounting policies, consistently applied except where changed as disclosed in the accounts and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors 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.

Auditors

There is an Elective Resolution in place which dispenses with the requirement to re-appoint Auditors annually.

By Order of the Board



M D A Jones
Secretary

29 February 2000

Registered Office:
Windsor House
50 Victoria Street
London
SW1H 0NR

AUDITORS' REPORT

To the members of TDG Limited

We have audited the financial statements on pages 5 to 17.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

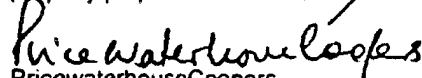
Basis of audit opinion

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 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

1 Embankment Place
London WC2N 6NN

29 February 2000

TDG Limited

Profit and Loss Account Year ended 31 December 1999

	Notes	1999			1998		
		Before exceptionals £'000	Exceptional items £'000	Total £'000	Before exceptionals £'000	Exceptional items £'000	Total £'000
Turnover							
Continuing operations	3	360,683	-	360,683	357,204	-	357,204
Discontinued operations		-	-	-	11,643	-	11,643
Total turnover		360,683	-	360,683	368,847	-	368,847
Operating expenses	4	(332,206)	(3,372)	(335,578)	(330,256)	(1,296)	(331,552)
Operating profit							
Continuing operations	3	28,477	(3,372)	25,105	38,213	(1,296)	36,917
Discontinued operations		-	-	-	378	-	378
Operating profit		28,477	(3,372)	25,105	38,591	(1,296)	37,295
Exceptional items							
Profit/(loss) on sale of properties of continuing operations			13	13		(30)	(30)
Release of surplus provisions on properties in respect of continuing operations	6		-	-		4,300	4,300
Profit on disposal/termination of discontinued operations	7		-	-		2,339	2,339
			<u>13</u>	<u>13</u>		<u>6,609</u>	<u>6,609</u>
Total exceptional items			(3,359)			5,313	
Profit on ordinary activities before interest				25,118			43,904
Net interest payable	9			(11,048)			(13,385)
Profit on ordinary activities before taxation				14,070			30,519
Tax on profit on ordinary activities	10			(7,051)			(7,340)
Profit for the financial year				7,019			23,179
Dividends	11			(5,000)			(14,264)
Transfer to reserves	25			2,019			8,915

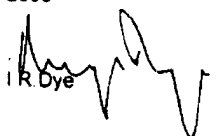
The notes on pages 8 to 17 form part of these accounts.

TDG Limited
Balance Sheet
31 December 1999

	Notes	£'000	1999 £'000	£'000	1998 £'000
Fixed assets					
Intangible assets	12		1,360		510
Tangible assets	13		211,867		199,582
Investments	14		<u>487</u>		<u>731</u>
			213,684		200,823
Current assets					
Stocks	15	911		847	
Debtors	16	68,262		76,096	
Cash at bank		<u>7,679</u>		<u>10,026</u>	
			76,852		86,969
Creditors: amounts falling due within one year					
Other creditors	17	<u>77,351</u>		<u>72,475</u>	
			77,351		72,475
Net current (liabilities)/assets			(499)		14,494
Total assets less current liabilities			213,185		215,317
Creditors: amounts falling due after more than one year					
Borrowings	18	148,938		153,054	
Other creditors	17	<u>1,003</u>		<u>1,071</u>	
			149,941		154,125
Provisions for liabilities and charges	20	347		245	
			(150,288)		(154,370)
			62,897		60,947
Capital and reserves					
Called up equity share capital	21		1,100		1,100
Share premium	22		19,900		19,900
Revaluation reserve	23		18,029		18,667
Capital reserve	24		4,163		4,153
Profit and loss account	25		<u>19,715</u>		<u>17,127</u>
			62,897		60,947

The accounts were approved by the
Board of Directors on 29 February 2000


D N C Garman


I R Dye

The notes on pages 8 to 17 form part of these accounts.

TDG Limited

Statement of Total Recognised Gains and Losses
Year ended 31 December 1999

	1999 £'000	1998 £'000
Profit for the financial year	7,019	23,179
Translation (losses)/gains	(69)	10
Total recognised gains and losses for the year	<u>6,950</u>	<u>23,189</u>

Note of Historical Cost Profits and Losses
Year ended 31 December 1999

	1999 £'000	1998 £'000
Reported profit on ordinary activities before taxation	14,070	30,519
Realised gains on revalued properties	534	-
Difference between the historical cost depreciation charge and the actual depreciation charge for the year	104	-
Historical cost profit on ordinary activities before taxation	<u>14,708</u>	<u>30,519</u>
Historical cost profit for the year retained after taxation and dividends	<u>2,657</u>	<u>8,915</u>

Reconciliation of Movement in Shareholders' Funds
Year ended 31 December 1999

	1999 £'000	1998 £'000
Profit for the financial year	7,019	23,179
Translation (losses)/gains	(69)	10
Dividends	(5,000)	(14,264)
Surplus on revaluation of land and buildings	-	18,667
Net increase in shareholders' funds	<u>1,960</u>	<u>27,592</u>
Shareholders' funds at 1 January	<u>60,947</u>	<u>33,355</u>
Shareholders' funds at 31 December	<u>62,897</u>	<u>60,947</u>

TDG Limited

Notes to the accounts for the year ended 31 December 1999

1. Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards and the Companies Act 1985. The particular accounting policies used have been applied consistently and are set out in note 2.

2. Accounting policies

Goodwill

The goodwill or discount on consolidation, being the difference between the fair value of attributable net tangible assets at the date of acquisition and the cost of shares or assets acquired, is capitalised and amortised over a period not exceeding 20 years.

In prior years, acquisition goodwill was taken to reserves in the year of acquisition.

Goodwill previously eliminated against reserves on acquisition is, on the disposal or termination of the relevant business, reinstated and included in the calculation of the profit or loss on disposal.

Foreign Currency

Profit and loss accounts in overseas currencies have been translated into sterling at the average rate for the year. Assets and liabilities are translated at exchange rates ruling at the year end. Exchange differences arising on the restatement of balance sheets in overseas currencies are dealt with through reserves. All other currency differences are dealt with through the profit and loss account.

Turnover

Turnover comprises of sales to external customers excluding sales taxes and customs duty.

Depreciation

Freehold and long leasehold land is not depreciated. Depreciation is provided on the cost of other fixed assets over their estimated useful lives on a straight line basis as follows:

Freehold and long leasehold buildings	20-50 years
Short leaseholds (less than 50 years to run)	Amortised over remaining life of lease
Motor vehicles	4-6 years
Trailers	8 years
Cranes, plant and furniture	4-10 years
Insulation and refrigeration plant	10-20 years
Computers	3-5 years

Investment grants are credited to revenue in equal annual amounts over the expected life of the asset.

Deferred tax

Provision is made for deferred tax using the liability method in respect of timing differences to the extent that it is probable that they will crystallise.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. The cost of work in progress is the direct cost and applicable overheads where appropriate.

Pension costs

The employees of the Company are eligible to be members of the TDG Pension Scheme which is a mixed benefit scheme. The funds of the Scheme are administered by trustees and are completely separate from the funds of the Company. Certain directors and employees participate in defined contribution schemes. Further disclosure regarding pension schemes is contained in the financial statements of Transport Development Group PLC.

Operating leases

Rental payments under operating leases are charged to the profit and loss account as they arise.

TDG Limited

Notes to the accounts for the year ended 31 December 1999 (continued)

3. Segmental analysis

Geographical analysis	1999			1998		
	Turnover	Operating Profit	Net assets	Turnover	Operating Profit	Net assets
	£'000	£'000	£'000	£'000	£'000	£'000
UK	360,223	28,479	205,394	356,889	38,141	205,232
Spain	460	(2)	112	315	72	59
	<u>360,683</u>	<u>28,477</u>	<u>205,506</u>	<u>357,204</u>	<u>38,213</u>	<u>205,291</u>
Discontinued operations - UK	-	-	-	11,643	378	-
	<u>360,683</u>	<u>28,477</u>	<u>205,506</u>	<u>368,847</u>	<u>38,591</u>	<u>205,291</u>
Exceptional operating costs - note 5	-	(3,372)	-	-	(1,296)	-
	<u>360,683</u>	<u>25,105</u>	<u>205,506</u>	<u>368,847</u>	<u>37,295</u>	<u>205,291</u>
Business activities						
Continuing operations						
Logistics - bulk	127,699	12,857	96,268	136,580	21,046	97,254
Logistics - packed	232,984	15,620	109,238	220,624	16,825	108,037
Dividend income	-	-	-	-	342	-
	<u>360,683</u>	<u>28,477</u>	<u>205,506</u>	<u>357,204</u>	<u>38,213</u>	<u>205,291</u>
Discontinued operations - Hire	-	-	-	11,643	378	-
	<u>360,683</u>	<u>28,477</u>	<u>205,506</u>	<u>368,847</u>	<u>38,591</u>	<u>205,291</u>

The exceptional operating costs represent:

Central costs	(936)	(1,296)
UK Logistics - bulk	(526)	-
UK Logistics - packed	(1,910)	-
	<u>(3,372)</u>	<u>(1,296)</u>

Net assets represent fixed assets and net current assets excluding cash, deposits, short term borrowings and finance lease obligations.

Turnover derived from external customers by geographical destination is not materially different to the analysis by geographical origin.

4. Operating expenses

	1999			1998		
	Continuing activities	Exceptional costs (note 5)	Total continuing activities	Continuing activities	Exceptional costs (note 5)	Total continuing activities
	£'000	£'000	£'000	£'000	£'000	£'000
Raw materials, consumables and other external charges	118,922	428	119,350	113,400	-	113,400
Staff costs (note 9)	131,297	1,606	132,903	126,464	835	127,299
Other operating charges	59,419	1,338	60,757	57,143	461	57,604
Amortisation of goodwill	68	-	68	8	-	8
Depreciation	22,977	-	22,977	23,202	-	23,202
Profit on sale of fixed assets	(421)	-	(421)	(1,171)	-	(1,171)
Release of investment grants	(56)	-	(56)	(55)	-	(55)
	<u>22,568</u>	<u>-</u>	<u>22,568</u>	<u>21,984</u>	<u>-</u>	<u>21,984</u>
	<u>332,206</u>	<u>3,372</u>	<u>335,578</u>	<u>318,991</u>	<u>1,296</u>	<u>320,287</u>
						<u>11,265</u>
						<u>331,552</u>

The Directors believe that the nature of the Company's business is such that the analysis of operating costs required by the Companies Act 1985 is not appropriate. As required by the Act, the Directors have therefore adopted the above format so that operating costs are disclosed in a manner appropriate to the Company.

TDG Limited

Notes to the accounts for the year ended 31 December 1999 (continued)

4. Operating profit and expenses (continued)	1999	1998
	£'000	£'000
Operating expenses include:		
Contracting leases:		
Hire of plant and machinery	6,941	5,706
Rent of land and buildings	5,061	5,161
Auditors' remuneration		
Audit fees	171	197
Other fees	31	97
	<u> </u>	<u> </u>
5. Exceptional operating costs	1999	1998
	£'000	£'000
Compensation payments to former senior staff	936	-
Costs of closure of depots and warehouses	2,436	-
Costs of restructuring the Group from 3 divisions to 2 divisions and formation of TDG Logistics	-	893
Costs of implementing new financial accounting system	-	403
	<u> </u>	<u> </u>
	3,372	1,296
6. Release of surplus provisions on properties in respect of continuing activities	1999	1998
	£'000	£'000
Release of surplus provisions made in previous years against the potential loss on disposal of properties	-	4,300
	<u> </u>	<u> </u>
7. Profit on disposal/termination of discontinued operations	1999	1998
	£'000	£'000
Profit on sale of the Cox business	-	2,009
Profit on disposal of investment in Beck & Pollitzer Engineering Limited.	-	330
	<u> </u>	<u> </u>
	-	2,339
8. Directors and employees	1999	1998
	£'000	£'000
Staff costs during the year were:		
Wages and salaries	121,352	118,560
Social security costs	10,618	10,718
Other pension costs	933	900
	<u> </u>	<u> </u>
	132,903	130,178
The analysis of Directors' remuneration is as follows:		
Executive	Notes	
		Salary/fees
		£'000
K.D. Mellor	1,2	118
E.G.F. Brown	1	-
P.C. Byrne		-
		<u> </u>
		118
		Benefits in kind
		£'000
		1
		<u> </u>
		1
		<u> </u>
		119
		<u> </u>
		566

Messrs. Garman, Cole, Dye and Bodger received no remuneration from the Company: their remuneration was paid by Transport Development Group PLC

TDG Limited

Notes to the accounts for the year ended 31 December 1999 (continued)

8. Directors and employees (continued)

The following table shows the amounts of pension entitlements earned, the accrued pension liabilities and the changes therein.

These pension liabilities are calculated by using the cash equivalent transfer value method, which is the method adopted in the Listing Rules of the London Stock Exchange.

	1999 Net transfer value of increase in accrued entitlement			1998 Net transfer value of increase in accrued entitlement		
	Increase in accrued annual entitlement	Payments for individual pension arrangements		Increase in accrued annual entitlement	Payments for individual pension arrangements	
	£'000	£'000	£'000	£'000	£'000	£'000
K.D. Mellor	-	-	22	-	-	28
E.G.F. Brown	-	-	-	-	7	1
P.C. Byrne	-	-	-	4	35	-
Totals	-	-	22	4	42	29

Notes

- Payments were made to Messrs Mellor and Brown (1998) in respect of their personal pension arrangements. Payments in excess of the "Inland Revenue cap" are treated as a taxable emolument.
- Benefits in kind include car benefit of £nil (1998 £1,000) and other benefits of £1,000 (1998 £2,000). Mr. Mellor had a non-pensionable salary payment of £9,900 in the period (1998 £12,800) as an alternative to the provision of a company car.

The average number of employees in the Company for the year was:

	1999 Number	1998 Number
Logistics - bulk	2,073	2,318
Logistics - packed	4,360	4,302
Group services	93	40
Discontinued activity	-	164
	6,526	6,824

9. Net interest payable

	1999 £'000	1998 £'000
Interest payable on:		
Finance leases	-	51
Loan from parent undertaking	10,774	13,078
Unwinding of discount on liability for insurance claims	334	403
Other	15	-
	11,123	13,532
Short-term interest receivable	(75)	(147)
	11,048	13,385

TDG Limited

**Notes to the accounts for the
year ended 31 December 1999 (continued)**

10 Tax	1999 £'000	1998 £'000
The tax charge is based on the profit on ordinary activities for the year and is made up as follows:		
Corporation tax	6,506	8,955
Deferred tax	(157)	(1,542)
Prior year corporation tax	83	97
Prior year deferred tax	269	(226)
	<u>6,696</u>	<u>7,284</u>
Tax charge in respect of exceptional items:		
Corporation tax	<u>355</u>	<u>56</u>
	<u>7,051</u>	<u>7,340</u>

11 Dividends paid and proposed	1999 £'000	1998 £'000
Interim dividend paid	-	8,264
Proposed final dividend	5,000	6,000
	<u>5,000</u>	<u>14,264</u>

12. Intangible assets	Goodwill £'000
Cost	
At 1 January 1999	518
Additions (note 25)	908
At 31 December 1999	<u>1,426</u>
Amortisation	
At 1 January 1999	8
Provision for year	68
At 31 December 1999	<u>76</u>
Net book value at 31 December 1999	<u>1,350</u>
Net book value at 31 December 1998	<u>510</u>

TDG Limited

**Notes to the accounts for the
year ended 31 December 1999(continued)**

13. Tangible assets

	Land & buildings £'000	Vehicles £'000	Plant & equip- ment £'000	Total £'000
Cost:				
At 1 January 1999				
Translation adjustment	128,429	116,897	93,780	339,106
Undertakings acquired during year	-	(4)	-	(4)
Additions	-	-	67	67
Disposals	17,773	9,850	9,756	37,379
Group transfers	(1,376)	(11,193)	(7,721)	(20,290)
	-	594	43	637
At 31 December 1999	<u>144,826</u>	<u>116,144</u>	<u>95,925</u>	<u>356,895</u>
Depreciation:				
At 1 January 1999				
Provision for year	1,658	76,738	61,128	139,524
Relating to disposals	2,584	11,941	8,452	22,977
Group transfers	(244)	(10,581)	(6,940)	(17,765)
	-	273	19	292
At 31 December 1999	<u>3,998</u>	<u>78,371</u>	<u>62,659</u>	<u>145,028</u>
Net book value at 31 December 1999	<u>140,828</u>	<u>37,773</u>	<u>33,266</u>	<u>211,867</u>
Net book value at 31 December 1998	<u>126,771</u>	<u>40,159</u>	<u>32,652</u>	<u>199,582</u>
Cost or valuation at 31 December 1999 includes assets valued at: 31 December 1998	122,839	-	-	122,839

Messrs Kings Sturge & Co, Chartered Surveyors, and Paul Syms Associates, Environmental Property Consultants valued the freehold and long leasehold properties of the Group at 31 December 1998 on an open market basis in accordance with existing use.

Land and buildings at 31 December 1999 comprise:

	Cost £'000	Accumulated depreciation £'000	Book value £'000
Freehold	126,495	2,115	124,380
Long leasehold	14,624	241	14,383
Short leasehold	3,707	1,642	2,065
	<u>144,826</u>	<u>3,998</u>	<u>140,828</u>

TDG Limited

Notes to the accounts for the year ended 31 December 1999 (continued)

14. Investments

	Subsidiary undertakings £'000	Unlisted investments £'000	Total £'000
At cost			
At 1 January 1999	727	4	731
Additions	-	3	3
Provision against investments	(267)	-	(267)
At 31 December 1999	460	7	467

The investment in subsidiary undertakings represents 100% investment in the following dormant companies.

TDG Directors No 2 Limited

Warminster Motor Company Limited

15. Stocks

	1999 £'000	1998 £'000
Consumable supplies	911	847

16. Debtors

	1999 £'000	1998 £'000
Trade debtors	51,714	56,319
Amounts owed by group undertakings	684	334
Other debtors	1,221	1,676
Prepayments and accrued income	14,743	17,767
	68,262	76,096

17. Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
Trade creditors	21,372	19,102
Amounts owed to group undertakings	460	470
Corporation tax	6,064	3,561
Other creditors	3,764	3,743
Accruals and deferred income	30,716	31,599
Sales and payroll taxes	9,975	8,000
Proposed ordinary dividend	5,000	6,000
	77,351	72,475

Creditors due after one year of £1,003,000 (1998 £1,071,000) are accruals and deferred income.

TDG Limited

Notes to the accounts for the year ended 31 December 1999 (continued)

18. Creditors: amounts falling due after more than one year

Borrowings	1999 £'000	1998 £'000
Amounts owed to parent undertaking	70,214	80,363
Convertible bond issued to parent undertaking	<u>78,724</u>	<u>72,691</u>
	<u>148,938</u>	<u>153,054</u>

No date has been set for the repayment of the amounts owed to the parent undertaking. Interest is payable loan at a variable rate linked to base rate.

The convertible bonds issued in December 1997 with a zero coupon and the holder has the option to redeem the bonds after six months at the issue price and between six months and five years the bonds can be redeemed at an amount calculated to provide the holder with a constant yield to maturity of 8.3%. The holder has the option to convert into 9.25% non-redeemable cumulative £1 preference shares at par between six months and five years after issue.

19. Capital commitments

	1999 £'000	1998 £'000
Outstanding contracts for capital expenditure	<u>5,839</u>	<u>6,335</u>

20. Provisions for liabilities and charges

Deferred tax:	1999 £'000	1998 £'000
At 1 January	245	2,013
Profit and loss account	<u>102</u>	<u>(1,768)</u>
At 31 December	<u>347</u>	<u>245</u>

	1999 Provided £'000	1999 Not Provided £'000	1998 Provided £'000	1998 Not Provided £'000
Deferred tax:				
On accelerated capital allowances	1,114	4,162	1,339	4,151
On other timing differences	(767)	-	(1,094)	-
On properties sold	-	3,623	-	3,623
	<u>347</u>	<u>7,778</u>	<u>245</u>	<u>7,774</u>

The amounts included above for United Kingdom deferred tax have been calculated at 30% (1998 31%). It is not practical to quantify the notional tax liability which might arise if all the properties were sold at their book value.

TDG Limited

Notes to the accounts for the year ended 31 December 1999 (continued)

21. Share capital

	1999 £'000	1998 £'000
Ordinary shares		
Authorised:		
4,600,000 ordinary shares of 25p each	1,200	1,200
Allotted, issued and fully paid		
4,400,000 ordinary shares of 25p each	1,100	1,100
Preference shares		
Authorised:		
1,000,000 9.25% non redeemable preference shares of £1 each	100,000	100,000
Allotted, issued and fully paid:		
1,000,000 9.25% non redeemable preference shares of £1 each	-	-

22. Share premium

At 1 January and 31 December 1999	£'000
	19,900

23. Revaluation reserve

At 1 January 1999	£'000
	18,667
Transfer to profit and loss account	(638)
At 31 December 1999	18,029

24. Capital reserve

At 1 January 1999 and 31 December 1999	£'000
	4,153

25. Profit and loss account

At 1 January 1999	£'000
	17,127
Translation losses	(69)
Retained profit for the year	2,019
Transfer from revaluation reserve	638
At 31 December 1999	19,715

26. Operating lease commitments

The company has commitments under operating leases to make payments in the following year as set out below:

	1999		1998	
	Plant & equip- ment £'000	Land & build- ings £'000	Plant & equip- ment £'000	Land & build- ings £'000
Operating leases which expire:				
Within one year	1,777	1,182	2,019	1,692
Between two and five years	3,099	1,391	2,975	1,363
After five years	166	2,079	176	2,831
	5,042	4,652	5,170	5,886

TDG Limited

Notes to the accounts for the
year ended 31 December 1999 (continued)

27. Acquisitions

The effect of fair value adjustments on the balance sheet of assets acquired during the year is shown below:

	Acquisition balance sheet	Fair value adjustments	Fair value
	£'000	£'000	£'000
Tangible fixed assets	57	-	67
Current assets less current liabilities	26	(298)	(272)
Consideration	93	(298)	(205)
Goodwill on acquisition			703
			908

71. Consideration of £703,000 represented the purchase of the assets of a number of small businesses

The adjustment to current assets less current liabilities is to bring the accounting policies of the businesses into line with Company policy.

28. Cash Flow Statement

The Company is a wholly owned subsidiary of Transport Development Group PLC and included in the consolidated financial statements of Transport Development Group PLC which are publicly available is a cash flow statement. Therefore, as permitted by Financial Reporting Standard No 1 (Revised 1996), no such statement is included in these accounts.

29. Ultimate Parent Undertaking

Transport Development Group PLC, a company registered in England, is the Company's immediate and ultimate parent undertaking and prepares group accounts which include the accounts of the Company. Copies of the financial statements of Transport Development Group PLC are available from the registered office of the Company.

The Company has taken advantage of the exemption under S228 of Companies Act 1985 not to prepare consolidated financial statements.

The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with Group entities. No transactions with other related parties have been undertaken during the year.

Copies of the group accounts of Transport Development Group PLC may be obtained from the Company Secretary, Windsor House, 50 Victoria Street, London SW1H 0NR.