

REPORT AND ACCOUNTS

Scottish Road Services

Limited

5 OCTOBER 1991

COMPANY REGISTRATION NO 4109 (SCOTLAND)



 ERNST & YOUNG

Scottish Road Services Limited

DIRECTORS' REPORT

DIRECTORS

G S Roberts

J W Coates

The directors present their report and the audited accounts for the year ended 5 October 1991.

REVIEW OF BUSINESS DEVELOPMENTS

On 7 October 1990 the trading activities of the company were divisionalised within BRS Limited, a fellow subsidiary of NFC plc. As a result, net assets of £3,441,245 were transferred to BRS Limited.

ACCOUNTS AND DIVIDENDS

	£
The profit for the year was	192,839
The distributable reserves brought forward from the year were	297,111
Preference dividends paid	(2,855)
	<hr/>
The balance available for distribution was	487,095
The directors have declared interim dividends of	<hr/>
The distributable reserves carried forward to next year are	487,095
	<hr/> <hr/>
No final dividend is recommended.	

FIXED ASSETS

As part of the transfer of the trading activity, all fixed assets were disposed of to BRS Limited, as detailed in note 10 to the accounts.

DIRECTORS' REPORT

DIRECTORS

The directors at the date of this report are shown above. The following changes in the board occurred during the year and up to the date of this report:

G S Abel	(Resigned 4 October 1991)
W O M Glenroy	(Resigned 4 October 1991)
W D M Leithead CA MCIT	(Resigned 4 October 1991)
R D A Swan CA	(Resigned 4 October 1991)
J Brown	(Resigned 4 October 1991)
G S Roberts	(Appointed 4 October 1991)
J W Coates	(Appointed 4 October 1991)

DIRECTORS' INTERESTS

According to the registers kept by the company and by other group companies under Section 325 of the Companies Act 1985 the directors at the end of the financial year had the following interests in the variable voting ordinary shares of the ultimate holding company, NFC plc:

	6.10.90 or on subsequent appointment	5.10.91
G S Roberts	432,348	437,784
J W Coates	33,146	33,872
G S Abel	914,209	-
W O M Glenroy	71,163	-
W D M Leithead	145,046	-
R D A Swan	12,092	-
J Brown	7,410	-

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and in accordance with Section 384 of the Companies Act 1985, a resolution proposing their re-appointment will be submitted at the forthcoming annual general meeting.

By Order of the Board



Secretary

Registered office:

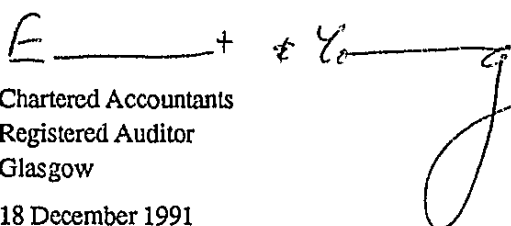
175 Grahams Road
Falkirk

18 December 1991

REPORT OF THE AUDITORS
to the members of Scottish Road Services Limited

We have audited the accounts on pages 5 to 19 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 5 October 1991 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
Registered Auditor
Glasgow
18 December 1991

Scottish Road Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 5 October 1991

	Notes	1991 £	1990 £
TURNOVER		-	52,324,168
Operating charges	3	-	(51,562,427)
OPERATING PROFIT		-	761,741
Income from fixed asset investments		-	2,000
Interest receivable	6	289,984	508,054
Interest payable and similar charges	7	-	(6,465)
PROFIT BEFORE PROFIT SHARING		289,984	1,265,330
Profit sharing		-	(174,546)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		289,984	1,090,784
Tax on profit on ordinary activities	8	(97,145)	(83,032)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		192,839	1,007,752
PROFIT FOR THE FINANCIAL YEAR		192,839	1,007,752
Dividends	9	(2,855)	(1,002,855)
RETAINED PROFIT FOR THE YEAR		189,984	4,897

Movements on retained profits are set out in note 19.

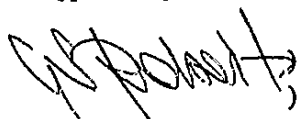
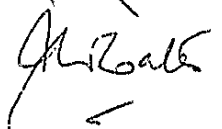
Scottish Road Services Limited

CONSOLIDATED BALANCE SHEET

at 5 October 1991

	Notes	5.10.91 £	£	6.10.90 £	£
FIXED ASSETS					
Tangible assets	10	-		536,914	
Investments	11	-		2,500	
					539,414
CURRENT ASSETS					
Stocks	12	-		911,508	
Debtors	13	6,114,488		15,183,137	
Cash at bank and in hand		37		159,938	
		6,114,525		16,254,583	
CREDITORS: amounts falling due within one year	14	(99,017)		(10,656,176)	
NET CURRENT ASSETS			6,015,508		5,598,407
TOTAL ASSETS LESS CURRENT LIABILITIES			6,015,508		6,137,821
CREDITORS: amounts falling due after more than one year	15		(2,849,103)		(2,849,103)
			3,166,405		3,288,718
PROVISIONS FOR LIABILITIES AND CHARGES	16		-		(312,297)
			3,166,405		2,976,421
CAPITAL AND RESERVES					
Called up share capital	18		2,052,605		2,052,605
Capital reserve			79,000		79,000
Profit and loss account	19		1,034,800		844,816
			3,166,405		2,976,421

Approved by the Board on 18 December 1991 and signed on its behalf.



 Directors

Scottish Road Services Limited

BALANCE SHEET

at 5 October 1991

	Notes	5.10.91 £	£	6.10.90 £	£
FIXED ASSETS					
Tangible assets	10	-		536,914	
Investments	11	868,342		870,842	
			868,342		1,407,756
CURRENT ASSETS					
Stocks	12	-		911,508	
Debtors	13	6,114,488		15,183,137	
Cash at bank and in hand		37		159,938	
		6,114,525		16,254,583	
CREDITORS: amounts falling due within one year	14	(1,515,064)		(12,072,223)	
NET CURRENT ASSETS			4,599,461		4,182,360
TOTAL ASSETS LESS CURRENT LIABILITIES					
			5,467,803		5,590,116
CREDITORS: amounts falling due after more than one year	15		(2,849,103)		(2,849,103)
			2,618,700		2,741,013
PROVISIONS FOR LIABILITIES AND CHARGES	16		-		(312,297)
			2,618,700		2,428,716
CAPITAL AND RESERVES					
Called up share capital	18	2,052,605		2,052,605	
Capital reserve		79,000		79,000	
Profit and loss account	19	487,095		297,111	
		2,618,700		2,428,716	

Approved by the Board on 18 December 1991 and signed on its behalf.

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) Directors

Scottish Road Services Limited

NOTES TO THE ACCOUNTS

at 5 October 1991

1. GENERAL

(a) *Accounting convention*

These accounts have been prepared under the historical cost convention and are in accordance with all applicable UK accounting standards.

(b) *Basis of accounts*

The accounting reference date of the company is 30 September and accounts are drawn up to a Saturday within seven days of that date. As a result the accounts for the years to 5 October 1991 and 6 October 1990 cover 52 weeks and 53 weeks respectively.

(c) *Group accounts and associated undertakings*

As the company's subsidiary undertakings are dormant only a consolidated balance sheet has been prepared as part of the group accounts. The cost of investment in subsidiary undertakings has been written down to the book value of net assets. The results of the associated undertakings have been included only to the extent of dividends received due to the small size of that company.

2. ACCOUNTING POLICIES

On 7 October 1990 the trading activities of the company were divisionalised within BRS Limited, a fellow subsidiary of NFC plc. As a result net assets of £3,441,245 were transferred to BRS Limited. The following accounting policies refer to comparatives only:

(a) *Turnover*

Turnover, all in the United Kingdom and Republic of Ireland comprised the value of charges, exclusive of value added tax, made to outside parties for transport, haulage, warehousing, distribution, petroleum products and other services rendered. Intra NFC plc group sales were made on an arms' length basis.

(b) *Fixed assets and depreciation*

Depreciation of tangible fixed assets was calculated on the straight line basis at rates estimated to write off the whole of the cost of each asset over its estimated useful life.

The categories of tangible fixed assets were as follows:

Leasehold land and buildings:	Costs were written off over the terms of the leases, or, in respect of buildings, the estimated remaining life, if shorter.
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Traffic vehicles, plant and equipment:	Estimated lives are mainly 5 to 15 years.
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(b) *Goodwill*

Goodwill was written off on acquisition against reserves.

(c) *Computer development expenditure*

Expenditure on all computer applications software was written off over not more than twelve months. Until 30 September 1989 expenditure on the development of computer systems, identified as specifically relating to discrete projects, was capitalised as equipment to be amortised in equal annual instalments over not more than 5 years.

NOTES TO THE ACCOUNTS

at 5 October 1991

2. ACCOUNTING POLICIES (continued)

(d) *Leased assets*

Assets held under leasing arrangements which transfer substantially all the risks and rewards of ownership to the company were capitalised and depreciated in accordance with the company's policy (note 2 (b)). The capital element of the related rental obligations was included in creditors. The interest element of the rental obligations was charged to the profit and loss account so as to produce a constant periodic rate of charge on the remaining balance of the obligation. Hire purchase arrangements, which were not separately distinguished, were dealt with similarly.

Rentals for other leased assets, acquired under the terms of operating leases, were charged directly to the profit and loss account.

(e) *Stocks*

Stocks were valued at the lower of cost and net realisable value.

(f) *Deferred taxation*

Deferred corporation tax was provided at expected future rates of tax on all timing differences to the extent that it was probable that a liability or asset would crystallise.

(g) *Maintenance equalisation*

Maintenance costs were charged as incurred in respect of vehicles subject to contract hire agreements and a further amount was charged or credited to reflect the timing differences between the charges made to customers and the actual costs incurred.

(h) *Pensions*

Contributions were made to pension schemes for the funding of retirement benefits for each scheme member during his or her working life in order to pay benefits to them after retirement and to their dependants after their death. The cost of providing these benefits was assessed by external professional actuaries and is charged to the profit and loss account so as to spread the cost of retirement benefits over the period during which the employer derives benefit from the employees' services.

(i) *Holiday pay*

Payments in respect of holidays were charged to operating profit in the year in which they were made.

Scottish Road Services Limited

NOTES TO THE ACCOUNTS

at 5 October 1991

3. OPERATING CHARGES

	1991 £	1990 £
Changes in stocks of goods for resale	-	(178,015)
Other operating income	-	(375,898)
Raw materials and consumables	-	8,628,804
Purchases of petroleum products for resale	-	10,767,725
Staff costs - wages and salaries	-	13,565,976
- social security costs	-	1,031,713
- other pension costs	-	828,111
Depreciation - tangible fixed assets - owned	-	146,573
- leased	-	43,932
Redundancy payments	-	180,669
Operating lease rentals		
- plant and machinery	-	6,600,326
- land and buildings	-	377,483
Auditors' remuneration	-	17,000
Other operating charges	-	9,993,561
Profit on disposals of tangible fixed assets		
- land and buildings	-	-
- other	-	(65,533)
	<u>-</u>	<u>51,562,427</u>

4. DIRECTORS' EMOLUMENTS

Total emoluments including pension contributions

	1991 £	1990 £
- as directors	-	-
- as executives	-	217,706

Emoluments excluding pension contributions

	1991 £	1990 £
Chairman	-	-
Highest paid director	-	54,131

NOTES TO THE ACCOUNTS

at 5 October 1991

4. DIRECTORS' EMOLUMENTS (continued)

The emoluments of other directors excluding pension contributions were in the following ranges:-

	1991 No.	1990 No.
£Nil - £5,000	5	-
£5,001 - £10,000	-	-
£10,001 - £15,000	-	-
£15,001 - £20,000	-	1
£30,001 - £35,000	-	1
£40,001 - £45,000	-	1
£45,001 - £50,000	-	-
£50,001 - £55,000	-	1
£55,001 - £60,000	-	-
	<u> </u>	<u> </u>

5. EMPLOYEES

The average number of persons employed during the year was as follows:-

	1991 No.	1990 No.
Senior and management	-	129
Clerical administrative and salaried supervisory	-	173
Drivers	-	548
Other wages grades	-	236
	<u> </u>	<u> </u>
	-	1,086
	<u> </u>	<u> </u>

6. INTEREST RECEIVABLE

	1991 £	1990 £
Interest received from group undertakings	289,984	508,054
	<u> </u>	<u> </u>

Scottish Road Services Limited

NOTES TO THE ACCOUNTS

at 5 October 1991

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1991 £	1990 £
Interest on bank loans and overdrafts and on other loans wholly repayable within five years	-	101
Finance lease charges	-	6,364
	<u>-</u>	<u>6,465</u>

8. TAXATION

(a) The charge based on profits for the year comprises:

	1991 £	1990 £
UK Corporation tax		
Current at 33 $\frac{1}{2}$ % (1990 - 35%)	97,145	196,032
Prior year ACT recoverable	-	(113,000)
	<u>97,145</u>	<u>83,032</u>

Losses available for relief against future profits assessable to corporation tax amount to approximately £Nil (1990 - £310,000). These losses relate to the trades of Northern Ireland Carriers Limited which were transferred to Scottish Road Services Limited on 19 March 1988.

(b) The contingent liability at 5 October 1991 for deferred taxation at 33% (1990 - 35%) is estimated as £Nil (1990 - £72,000) as follows:-

	1991 £	1990 £
Accelerated capital allowances	-	(58,000)
Finance leases	-	(1,000)
Other (provisions, losses etc)	-	131,000
	<u>-</u>	<u>72,000</u>

No provision has been made for deferred taxation on capital gains owing to the continued availability of rollover relief.

Scottish Road Services Limited

NOTES TO THE ACCOUNTS

at 5 October 1991

9. DIVIDENDS

	1991 £	1990 £
On 7% (now 4.9% plus tax credit) cumulative preference shares	2,855	2,855
Interim dividend paid after the year end	-	1,000,000
	<u>2,855</u>	<u>1,002,855</u>

National Freight Company Limited has waived dividends in respect of the years ended 5 October 1991 and 6 October 1990 on the preference shares which it holds.

10. TANGIBLE FIXED ASSETS

Company and Group

	<i>Short leasehold land and Buildings £</i>	<i>Traffic Vehicles £</i>	<i>Plant and equipment £</i>	<i>Total £</i>
Cost				
At 6 October 1990	461,643	1,386,571	539,547	2,387,761
Transfers to group undertakings	(461,643)	(1,386,571)	(539,547)	(2,387,761)
At 5 October 1991	-	-	-	-
Depreciation				
At 6 October 1990	299,484	1,179,397	371,966	1,850,847
Transfers to group undertakings	(299,484)	(1,179,397)	(371,966)	(1,850,847)
At 5 October 1991	-	-	-	-
Net book value				
At 5 October 1991	-	-	-	-
At 6 October 1990	<u>162,159</u>	<u>207,174</u>	<u>167,581</u>	<u>536,914</u>

NOTES TO THE ACCOUNTS

at 5 October 1991

10. TANGIBLE FIXED ASSETS (continued)

The net book value of assets held under finance leases at 5 October 1991 was as follows:-

	5.10.91	6.10.90
	£	£
Traffic vehicles	-	69,313

11. FIXED ASSET INVESTMENTS

Company

(a)	At 6.10.90 £	Disposals £	At 5.10.91 £
Shares in subsidiary undertakings	868,342	-	868,342
Shares in associated undertakings	2,500	(2,500)	-
	<u>870,842</u>	<u>(2,500)</u>	<u>868,342</u>

(b) The following companies are dormant subsidiary undertakings and are wholly owned and incorporated in Great Britain:

<i>Company</i>	<i>Country of registration</i>
Citispeed Ltd	Scotland
Nitespeed Ltd	England
Road Services (Caledonian) Ltd	England
Road Services (Forth) Ltd	Scotland
D McKinnon (Transport) Ltd	England
J & E Transport Ltd	England
Loadlink Ltd	Scotland

<i>Group</i>	5.10.91 £	6.10.90 £
Shares in associated undertaking	-	2,500

Company and Group

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the aggregate amount included in the balance sheet.

Scottish Road Services Limited

NOTES TO THE ACCOUNTS

at 5 October 1991

12. STOCKS

Company and Group

	5.10.91	6.10.90
	£	£
Raw materials and consumables	-	231,268
Goods for resale	-	680,240
	<u>-</u>	<u>911,508</u>
	<u>-</u>	<u>911,508</u>

13. DEBTORS

Company and Group

	5.10.91	6.10.90
	£	£
Trade debtors	-	7,108,597
Amounts owed by group undertakings		
parent undertaking	6,114,488	6,578,568
fellow subsidiaries	-	473,698
Other debtors	-	188,676
Prepayments and accrued income	-	833,598
	<u>6,114,488</u>	<u>15,183,137</u>
	<u>6,114,488</u>	<u>15,183,137</u>

Scottish Road Services Limited

NOTES TO THE ACCOUNTS

at 5 October 1991

14. CREDITORS: amounts falling due within one year

Company

	5.10.91	6.10.90
	£	£
Trade creditors	-	5,357,615
Amounts owed to group undertakings		
subsidiaries	1,416,047	1,416,047
fellow subsidiaries	-	65,875
Amounts owed to associated undertakings	-	2,926
Other creditors including taxation and social security		
corporation tax	98,980	82,080
income tax (PAYE)	-	315,391
value added tax	-	915,101
social security	-	264,833
pension contributions	-	62,554
other creditors	37	311,732
Accruals and deferred income	-	2,247,515
Dividends	-	1,000,000
Finance lease obligations	-	30,554
	<u>1,515,064</u>	<u>12,072,223</u>

Group

	5.10.91	6.10.90
	£	£
Trade creditors	-	5,357,615
Amounts owed to group undertakings		
fellow subsidiaries	-	65,875
Amounts owed to associated undertakings	-	2,926
Other creditors including taxation and social security		
corporation tax	98,980	82,080
income tax (PAYE)	-	315,391
social security	-	264,833
pension contributions	-	62,554
other creditors	37	1,226,833
Accruals and deferred income	-	2,247,515
Dividends	-	1,000,000
Finance lease obligations	-	30,554
	<u>99,017</u>	<u>10,656,176</u>

NOTES TO THE ACCOUNTS

at 5 October 1991

15. CREDITORS: amounts falling due after more than one year

Company and Group

	5.10.91 £	6.10.90 £
Amounts owed to group undertakings	2,849,103	2,849,103
parent undertaking		

The amount due to the parent undertaking was interest free and was repayable at twelve months notice.

16. PROVISION FOR LIABILITIES AND CHARGES

Company and Group

	Maintenance equalisation £	Insurance provisions £	Total £
At 6 October 1990	104,090	208,207	312,297
Transfers to group undertaking	(104,090)	(208,207)	(312,297)
At 5 October 1991	-	-	-

17. PENSIONS

The company participated in the following NFC plc group pension schemes, which were fully funded, and covered the majority of the company's employees:

NFC Retirement Plan (the "Plan")

National Freight Corporation (Salaried Staff) Pension Fund (the "Salaried Staff Fund")

National Freight Corporation (Wages Grades) Pension Fund (the "Wages Grades Fund")

These were defined benefit schemes with the exception of that part of the Plan for members under the age of 40 which was a defined contribution scheme. The Salaried Staff and Wages Grades Funds were closed schemes and since 1 April 1988 all new employees were offered membership of the Plan. The assets of the schemes were held in trust funds independent of the company.

Details of these pension schemes were disclosed in the published accounts of NFC plc for the year ended 6 October 1990.

Scottish Road Services Limited

NOTES TO THE ACCOUNTS

at 5 October 1991

17. PENSIONS (continued)

Employer and employee contributions to the schemes were determined across participating companies in the group in consultation with independent actuaries whose latest valuation was made as at 31 March 1991. Last years charge in respect of the aforementioned group schemes was the regular cost of benefits accruing during the year.

18. CALLED UP SHARE CAPITAL

	5.10.91 £	6.10.90 £
Authorised		
7% (now 4.9% plus tax credit)		
cumulative preference shares of £1 each	500,000	500,000
7,000,000 ordinary shares of 25p each	1,750,000	1,750,000
	<u>2,250,000</u>	<u>2,250,000</u>
Allotted and fully paid		
7% (now 4.9% plus tax credit)		
cumulative preference shares of £1 each	500,000	500,000
6,210,420 ordinary shares of 25p each	1,552,605	1,552,605
	<u>2,052,605</u>	<u>2,052,605</u>

19. PROFIT AND LOSS ACCOUNT

Company

	5.10.91 £	6.10.90 £
Balance at 6 October 1990	297,111	292,214
Retained profit for the year	189,984	4,897
Balance at 5 October 1991	<u>487,095</u>	<u>297,111</u>

NOTES TO THE ACCOUNTS

at 5 October 1991

19. PROFIT AND LOSS ACCOUNT (continued)

Group

	5.10.91 £	6.10.90 £
Balance at 6 October 1990	844,816	839,919
Retained profit for the year	189,984	4,897
Balance at 5 October 1991	<u>1,034,800</u>	<u>844,816</u>

The profit and loss account balance represents the distributable profits of the company.

20. FINANCIAL COMMITMENTS

Operating leases

At 5 October 1991 the company had commitments during the next financial year in respect of non-cancellable operating leases as follows:

	5.10.91		6.10.90	
	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>
	£	£	£	£
Operating leases which expire				
- within one year	-	-	5,848	3,061,685
- in the second to fifth years	-	-	12,150	460,503
- in the sixth and subsequent years	-	-	352,693	60,155
	<u>-</u>	<u>-</u>	<u>370,691</u>	<u>3,582,343</u>

A large proportion of operating leases in respect of land and buildings was subject to rent reviews.

21. CONTINGENT LIABILITIES

For VAT purposes the company is grouped with other companies within the NFC group; under these arrangements the company has a joint and several liability for amounts owed to HM Customs and Excise by certain companies in the group.

22. PARENT AND ULTIMATE HOLDING COMPANIES

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is NFC plc, registered in England and Wales. Copies of NFC plc's accounts can be obtained from The Merton Centre, 45 St Peters Street, Bedford MK40 2UB.