

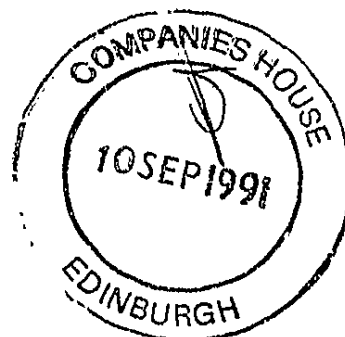
REPORT AND ACCOUNTS

Scottish Road Services

Limited

OCTOBER 6, 1990

ERNST & YOUNG



COMPANY REGISTRATION NO 4109 (SCOTLAND)

DIRECTORS' REPORT

DIRECTORS

G S Abel  
W O M Glenroy  
W D M Leithead CA MCIT  
R D A Swan CA  
J Brown

The directors present their report and the audited accounts for the year ended October 6, 1990.

PRINCIPAL ACTIVITIES

The principal activities of the company are general haulage, contract hire, warehousing, truck rental, distribution, petroleum product sales and vehicle maintenance services.

REVIEW OF BUSINESS DEVELOPMENTS

This was a very difficult trading year with some segments of the business being badly affected by the general recession.

Truck Rental, Trailer Rental and Haulage performed badly and the petroleum business suffered a downturn with the loss of the Lawther & Harvey distributorship in Northern Ireland.

However, the Contract Hire activity continued to trade well with substantial year on year growth. Distribution and Warehousing produced very good results.

The company is generally well positioned for the coming year.

The Board appreciates the efforts of all levels of staff during the year.

ACCOUNTS AND DIVIDENDS

	£
The profit for the year was	1,007,752
The distributable reserves brought forward from last year were	292,214
Preference dividends paid	(2,855)
	<hr/>
The balance available for distribution was	1,297,111
The directors have declared interim dividends of	1,000,000
	<hr/>
The distributable reserves carried forward to next year are	297,111
	<hr/> <hr/>

No final dividend is recommended.

FUTURE DEVELOPMENTS

The company will continue to seek to develop its involvement in Vehicle Contract Hire, the outlook for growth in this area is encouraging and is confirmed by new business gains. In addition, it will seek to achieve growth and improve margins in its other principal business activities while affording top priority to customer satisfaction and quality in all aspects of services offered.

# Scottish Road Services Limited

## 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	- appointed October 1 1989
J Brown	- appointed October 1 1989
V M Ross	- resigned May 1 1990

### 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, allowing for a 1 for 2 scrip issue made on April 6 1990:

	6.10.90	30.09.89 or on subsequent appointment
G S Abel	914,209	836,277
W O M Glenroy	71,163	101,191
W D M Leithead	145,046	101,271
R D A Swan	12,092	12,932
J Brown	7,410	8,385

### EMPLOYEES

#### (i) Disabled persons

It is the company's policy to give full consideration to applications for employment by disabled persons. Opportunities also exist for employees who become disabled to continue in their employment or to be trained for other positions in the company's employment.

#### (ii) Employee involvement and consultation

During the year the company communicated with its employees on a regular basis through the circulation of news broadsheets for display in all branches, management newsletters and by reporting the annual results of the NFC plc group in a special news sheet for all employees. Furthermore face-to-face briefings were held quarterly with employees at the work place. The briefings cover not only the company's progress but also the financial results and progress of the parent company.

The company is a participating employer in The NFC Group Participating Share Scheme. Annually, a series of branch presentations which include the distribution of a comprehensive booklet explain the scheme in detail. These actions are additional to the regular face-to-face branch briefings which take place throughout the year.

The programme of communication is supplementary to and does not replace the long-established procedure for consultation and communication between management and employee representatives.

DIRECTORS' REPORT

---

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



Authorised signatory

N.F.C. Secretarial Services Limited

Secretary

Registered office:

175 Grahams Road

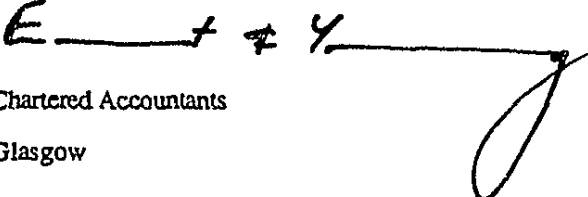
Falkirk

December 18, 1990

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

We have audited the accounts on pages 6 to 22 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 October 6, 1990 and of the profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Chartered Accountants  
Glasgow

18 DEC 1990

# Scottish Road Services Limited

## PROFIT AND LOSS ACCOUNT

for the year ended October 6, 1990

	Notes	1990 £	1989 £
<b>TURNOVER</b>			
Operating charges	3	52,324,168 (51,562,427)	50,180,931 (46,307,480)
<b>OPERATING PROFIT</b>		761,741	3,873,451
Income from fixed asset investments		2,000	1,867
Interest receivable	6	508,054	923,745
Interest payable and similar charges	7	(6,465)	(17,873)
<b>PROFIT BEFORE PROFIT SHARING</b>		1,265,330	4,781,190
Profit sharing	8	(174,546)	(624,304)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,090,784	4,156,886
Tax on profit on ordinary activities	9	(83,032)	(140,952)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		1,007,752	4,015,934
Extraordinary item	10	-	140,000
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,007,752	4,155,934
Dividends	11	(1,002,855)	(4,002,856)
<b>RETAINED PROFIT FOR THE YEAR</b>		4,897	153,078

Movements on retained profits are set out in note 21.

# Scottish Road Services Limited

## CONSOLIDATED BALANCE SHEET

at October 6, 1990

	Notes	6.10.90 £	£	30.9.89 £	£
<b>FIXED ASSETS</b>					
Tangible assets	12	536,914		767,461	
Investments	13	2,500		2,500	
			539,414		769,961
<b>CURRENT ASSETS</b>					
Stocks	14	911,508		643,129	
Debtors	15	15,183,137		17,189,271	
Cash at bank and in hand		159,938		132,906	
		16,254,583		17,965,306	
<b>CREDITORS: amounts falling due within one year</b>	16	(10,656,176)		(12,516,766)	
<b>NET CURRENT ASSETS</b>			5,598,407		5,448,540
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,137,821		6,218,501
<b>CREDITORS: amounts falling due after more than one year</b>	17		(2,849,103)		(2,923,522)
			3,288,718		3,294,979
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	18		(312,297)		(323,455)
			2,976,421		2,971,524
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20	2,052,605		2,052,605	
Capital reserve		79,000		79,000	
Profit and loss account	21	844,816		839,919	
			2,976,421		2,971,524

On behalf of the Board

*W. Glenroy*  
*D. Dingle* *M. Keith* ) Directors

18 DEC 1990

# Scottish Road Services Limited

## BALANCE SHEET

at October 6, 1990

	Notes	6.10.90 £	£	30.9.89 £	£
<b>FIXED ASSETS</b>					
Tangible assets	12	536,914		767,461	
Investments	13	870,842		870,842	
			1,407,756		1,638,303
<b>CURRENT ASSETS</b>					
Stocks	14	911,508		643,129	
Debtors	15	15,183,137		17,189,271	
Cash at bank and in hand		159,938		132,906	
		16,254,583		17,965,306	
CREDITORS: amounts falling due within one year	16	(12,072,223)		(13,932,813)	
<b>NET CURRENT ASSETS</b>			4,182,360		4,032,493
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			5,590,116		5,670,796
CREDITORS: amounts falling due after more than one year	17		(2,849,103)		(2,923,522)
			2,741,013		2,747,274
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	18		(312,297)		(323,455)
			2,428,716		2,423,819
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20	2,052,605		2,052,605	
Capital reserve		79,000		79,000	
Profit and loss account	21	297,111		292,214	
		2,428,716		2,423,819	

On behalf of the Board

*A. Glenroy*  
*A. Douglas* x Directors

18 DEC 1990

# Scottish Road Services Limited

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended October 6, 1990

	1990		1989	
	£	£	£	£
<b>SOURCE OF FUNDS</b>				
Profit on ordinary activities before taxation		1,090,784		4,156,886
Adjustments for items not involving the movement of funds:				
Depreciation	190,505		305,771	
Additions/(reductions) to provisions	(11,158)		95,485	
Profit on sales of tangible fixed assets	(65,533)		(3,524,418)	
		<u>113,814</u>		<u>(3,123,162)</u>
<b>TOTAL GENERATED FROM OPERATIONS</b>		<u>1,204,598</u>		<u>1,033,724</u>
<b>FUNDS FROM OTHER SOURCES</b>				
Disposal proceeds of tangible fixed assets		<u>200,846</u>		<u>6,615,458</u>
<b>TOTAL FROM ALL SOURCES</b>		<u>1,405,444</u>		<u>7,649,182</u>
<b>APPLICATION OF FUNDS</b>				
Purchases of tangible fixed assets		(95,271)		(48,652)
Dividends paid		(4,002,855)		(3,002,856)
Tax paid		(1,428)		(952)
Purchase of goodwill		-		(110,000)
Payments charged to restructuring provisions		-		(400,000)
<b>TOTAL APPLICATIONS</b>		<u>(4,099,554)</u>		<u>(3,562,460)</u>
<b>TOTAL SOURCES LESS APPLICATIONS</b>		<u>(2,694,110)</u>		<u>4,086,722</u>
<b>(INCREASE)/DECREASE IN WORKING CAPITAL</b>				
Stocks		(268,379)		(144,478)
Debtors		2,006,134		(3,975,175)
Trade and other creditors		983,387		(86,435)
		<u>2,721,142</u>		<u>(4,206,088)</u>
<b>NET LIQUID FUNDS</b>				
(Increase)/reduction in cash at bank and in hand	(27,032)		119,375	
Increase/(reduction) in bank overdraft	-		(9)	
		<u>(27,032)</u>		<u>119,366</u>
		<u>2,694,110</u>		<u>(4,086,722)</u>

NOTES TO THE ACCOUNTS

at October 6, 1990

1. GENERAL

(a) *Approval*

These accounts were approved by the directors on December 18, 1990.

(b) *Accounting convention*

These accounts have been prepared under the historical cost convention.

(c) *Basis of accounts*

The accounting reference date of the company is September 30 and accounts are drawn up to a Saturday within seven days of that date. As a result the accounts for the years to October 6 1990 and September 30, 1989 cover 53 weeks and 52 weeks respectively.

(d) *Group accounts and related companies*

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

2. ACCOUNTING POLICIES

(a) *Depreciation of tangible fixed assets*

Depreciation of tangible fixed assets is based on cost calculated at rates estimated to write off the relevant assets over their estimated useful lives.

The categories of tangible fixed assets are as follows:

Leasehold land	Costs are written off over the terms of the buildings leases, or, in respect of buildings, the estimated remaining life, if shorter.
Traffic vehicles	Depreciation is provided at rates based on the plant and equipment estimated useful lives of the relevant assets (mainly 5 to 15 years).

(b) *Goodwill*

Goodwill is written off on acquisition against reserves.

(c) *Computer development expenditure*

Expenditure on all computer applications software is written off over not more than twelve months. Until September 30, 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.

# Scottish Road Services Limited

## NOTES TO THE ACCOUNTS

at October 6, 1990

### 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 are capitalised and depreciated in accordance with the company's policy (note 2 (a)). The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account so as to produce a constant periodic rate of charge. Hire purchase arrangements, which are not separately distinguished, are dealt with similarly.

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

#### (e) *Stocks*

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

#### (f) *Deferred taxation*

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

#### (g) *Maintenance equalisation*

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

#### (h) *Turnover*

Turnover, all in the United Kingdom and Republic of Ireland comprises the value of charges, exclusive of value added tax, made to outside parties for transport, haulage, warehousing, distribution, petroleum products and other services rendered.

#### (i) *Pensions*

Contributions are 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 is 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.

#### (j) *Holiday pay*

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

# Scottish Road Services Limited

## NOTES TO THE ACCOUNTS

at October 6, 1990

### 3. OPERATING CHARGES

	1990 £	1989 £
Changes in stocks of goods for resale	(178,015)	(161,131)
Other operating income	(375,898)	(512,876)
Raw materials and consumables	8,628,804	7,720,208
Purchases of petroleum products for resale	10,767,725	13,970,643
Staff costs - wages and salaries	13,565,976	12,543,252
- social security costs	1,031,713	937,231
- other pension costs	828,111	780,135
Depreciation - tangible fixed assets - owned	146,573	194,632
- leased	43,932	111,139
Redundancy payments	180,669	89,414
Operating lease rentals		
- plant and machinery	6,600,326	5,061,997
- land and buildings	377,483	360,857
Auditors' remuneration	17,000	15,000
Other operating charges	9,993,561	8,721,397
Profit on disposals of tangible fixed assets		
- land and buildings	-	(3,443,682)
- other	(65,533)	(80,736)
	<u>51,562,427</u>	<u>46,307,480</u>

### 4. DIRECTORS' EMOLUMENTS

Total emoluments including pension contributions

	1990 £	1989 £
- as directors	-	-
- as executives	217,706	230,190

Emoluments excluding pension contributions

	1990 £	1989 £
Chairman	-	-
Highest paid director	<u>54,131</u>	<u>56,953</u>

# Scottish Road Services Limited

## NOTES TO THE ACCOUNTS

at October 6, 1990

### 4. DIRECTORS' EMOLUMENTS (continued)

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

	1990 No.	1989 No.
£15,001 - £20,000	1	-
£30,001 - £35,000	1	-
£40,001 - £45,000	1	-
£45,001 - £50,000	-	1
£50,001 - £55,000	1	1
£55,001 - £60,000	-	1
	<u>      </u>	<u>      </u>

### 5. EMPLOYEES

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

	1990 No.	1989 No.
Senior and management	129	137
Clerical administrative and salaried supervisory	173	184
Drivers	548	531
Other wages grades	236	275
	<u>1,086</u>	<u>1,127</u>

#### Employees and Employees Emoluments

The number of employees who received emoluments (excluding pension contributions) in excess of £30,000 were in the following ranges:

	1990 No.	1989 No.
£30,001 - £35,000	3	1

### 6. INTEREST RECEIVABLE

	1990 £	1989 £
Interest received from group companies	508,054	917,122
Other interest received	-	6,623
	<u>508,054</u>	<u>923,745</u>

# Scottish Road Services Limited

## NOTES TO THE ACCOUNTS

at October 6, 1990

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	1990 £	1989 £
Interest on bank loans and overdrafts and on other loans wholly repayable within five years	101	64
Finance lease charges	6,364	17,809
	<u>6,465</u>	<u>17,873</u>

### 8. PROFIT SHARING

The company is a participating employer in The NFC Group Participating Share Scheme. The scheme has been approved by the Inland Revenue and is in two parts - Part A and Part B.

Under Part A eligible employees are allowed to enter into a savings agreement for the purpose of buying NFC Shares. They are entitled to receive 'bonus' shares in proportion to the amount saved. Under Part B eligible employees are entitled to receive a share of the NFC group profits in the form of shares. The cost of acquiring shares for both parts of the scheme together with associated administration expenses are borne proportionately by participating employers. Eligible employees who do not elect to receive shares under Part B qualify for a discretionary cash award.

The charge for the year comprises the company's proportion of the costs of parts A and B of the scheme. Part A is in relation to savings in the period from March 26, 1990 to October 6, 1990 and Part B is in relation to the bonus element declared by the directors of NFC plc in respect of the year ended October 6, 1990.

### 9. TAXATION

(a) The tax charge for the year comprises:

	1990 £	1989 £
UK Corporation tax @ 35%	195,080	140,000
Prior year ACT recoverable	(113,000)	-
Current year ACT written off	952	952
	<u>83,032</u>	<u>140,952</u>

Losses available for relief against future profits assessable to corporation tax amount to approximately £310,000 (1989 - £1,470,000). These losses relate to the trades of Northern Ireland Carriers Limited which were transferred to Scottish Road Services Limited on March 19, 1988.

# Scottish Road Services Limited

## NOTES TO THE ACCOUNTS

at October 6, 1990

### 9. TAXATION (continued)

- (b) The contingent liability at October 6, 1990 for deferred taxation at 35% (1989 - 35%) is estimated as £72,000 (1989 asset - £111,000) as follows:-

	1990 £	1989 £
Accelerated capital allowances	(58,000)	(64,000)
Finance leases	(1,000)	(12,000)
Other (provisions, losses etc)	131,000	(35,000)
	<u>72,000</u>	<u>(111,000)</u>

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

### 10. EXTRAORDINARY ITEMS

	1990 £	1989 £
Extraordinary charge:		
Provision for costs arising on withdrawal from common-user distribution activities less tax relief	-	140,000
	<u>-</u>	<u>140,000</u>

### 11. DIVIDENDS

	1990 £	1989 £
On 7% (now 4.9% plus tax credit) cumulative preference shares	2,855	2,856
Interim dividend paid after the year end	1,000,000	4,000,000
	<u>1,002,855</u>	<u>4,002,856</u>

National Freight Company Limited has waived dividends in respect of the years ended October 6 1990 and September 30, 1989 on the preference shares which it holds.

# Scottish Road Services Limited

## NOTES TO THE ACCOUNTS

at October 6, 1990

### 12. 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 October 1 1989	461,643	2,317,422	1,015,170	3,794,235
Additions	-	38,679	56,592	95,271
Transfers (to)/from group companies	-	(136,432)	(272,199)	(408,631)
Disposals	-	(833,098)	(260,016)	(1,093,114)
At October 6 1990	<u>461,643</u>	<u>1,386,571</u>	<u>539,547</u>	<u>2,387,761</u>
Depreciation				
At October 1 1989	279,258	1,975,566	771,950	3,026,774
Transfers (to)/from group companies	-	(98,126)	(233,892)	(332,018)
Charge for year	20,226	82,977	87,302	190,505
Disposals	-	(781,020)	(253,394)	(1,034,414)
At October 6 1990	<u>299,484</u>	<u>1,179,397</u>	<u>371,966</u>	<u>1,850,847</u>
Net book value				
At October 6 1990	<u>162,159</u>	<u>207,174</u>	<u>167,581</u>	<u>536,914</u>
At September 30 1989	<u>182,385</u>	<u>341,856</u>	<u>243,220</u>	<u>767,461</u>

The net book value of assets held under finance leases at October 6 1990 was as follows:-

	6.10.90	30.9.89
	£	£
Traffic vehicles	<u>69,513</u>	<u>180,641</u>

# Scottish Road Services Limited

## NOTES TO THE ACCOUNTS

at October 6, 1990

### 13. FIXED ASSET INVESTMENTS

#### Company

(a)	6.10.90 £	30.9.89 £
Shares in group companies	868,342	868,342
Shares in related company	2,500	2,500
	<u>870,842</u>	<u>870,842</u>

(b) The following companies are wholly owned dormant subsidiaries which are incorporated in Great Britain:

Company	Country of registration
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

Group	6.10.90 £	30.9.89 £
Shares in related company	<u>2,500</u>	<u>2,500</u>

#### Company and Group

a) Details of the related company are set out below:-

Name:	Kinlochleven Road Transport Co Ltd
Country of incorporation and registration:	Incorporated in Great Britain; registered in Scotland
Interest:	25% of 25,000 shares of £1 each

NOTES TO THE ACCOUNTS

at October 6, 1990

13. FIXED ASSET INVESTMENTS (continued)

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

14. STOCKS

*Company and Group*

	6.10.90	30.9.89
	£	£
Raw materials and consumables	231,268	140,904
Goods for resale	680,240	502,225
	<u>911,508</u>	<u>643,129</u>

15. DEBTORS

*Company and Group*

	6.10.90	30.9.89
	£	£
Trade debtors	7,108,597	6,367,929
Amounts owed by group companies	6,578,568	9,219,673
fellow subsidiaries	473,698	484,234
Other debtors	188,676	241,689
Prepayments and accrued income	833,598	875,746
	<u>15,183,137</u>	<u>17,189,271</u>

# Scottish Road Services Limited

## NOTES TO THE ACCOUNTS

at October 6, 1990

### 16. CREDITORS: amounts falling due within one year

#### Company

	6.10.90	30.9.89
	£	£
Trade creditors	5,357,615	4,798,418
Amounts owed to group companies subsidiaries	1,416,047	1,416,047
Fellow subsidiaries	65,875	15,630
Amounts owed to related companies	2,926	1,120
Other creditors including taxation and social security		
corporation tax	82,080	-
advance corporation tax	-	476
income tax (PAYE)	315,391	301,644
value added tax	915,101	825,719
social security	264,833	287,044
pension contributions	62,554	32,969
other creditors	311,732	404,828
Accruals and deferred income	2,247,515	1,757,951
Dividends	1,000,000	4,000,000
Finance lease obligations	30,554	90,967
	<u>12,072,223</u>	<u>13,932,813</u>

#### Group

	6.10.90	30.9.89
	£	£
Trade creditors	5,357,615	4,798,418
Amounts owed to group companies		
Fellow subsidiaries	65,875	15,630
Amounts owed to related companies	2,926	1,120
Other creditors including taxation and social security		
corporation tax	82,080	-
advance corporation tax	-	476
income tax (PAYE)	315,391	301,644
social security	264,833	287,044
pension contributions	62,554	32,969
other creditors	1,226,833	1,230,547
Accruals and deferred income	2,247,515	1,757,951
Dividends	1,000,000	4,000,000
Finance lease obligations	30,554	90,967
	<u>10,656,176</u>	<u>12,516,766</u>

# Scottish Road Services Limited

## NOTES TO THE ACCOUNTS

at October 6, 1990

### 17. CREDITORS: amounts falling due after more than one year

*Company and Group*

	6.10.90	30.9.89
	£	£
Amounts owed to group companies		
parent company	2,849,103	2,849,103
Finance lease obligations falling due in the second to fifth years inclusive	-	74,419
	<u>2,849,103</u>	<u>2,923,522</u>

The amount due to the parent company is interest free and is repayable at twelve months notice.

### 18. PROVISION FOR LIABILITIES AND CHARGES

*Company and Group*

	<i>Maintenance equalisation</i>	<i>Insurance provisions</i>	<i>Total</i>
	£	£	£
At October 1 1989	101,990	221,465	323,455
(Credited)/charge to profit and loss account	-	58,594	58,594
Payments	4,058	(71,852)	(67,794)
Transfers from group companies	(1,958)	-	(1,958)
At October 6 1990	<u>104,090</u>	<u>208,207</u>	<u>312,297</u>

### 19. PENSIONS

The company participates in the following NFC plc group pension schemes, which are fully funded, and cover 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 are defined benefit schemes with the exception of that part of the Plan for members under the age of 40 which is a defined contribution scheme. The Salaried Staff and Wages Grades Funds are closed schemes and since 1 April 1988 all new employees are offered membership of the Plan. The assets of the schemes are held in trust funds independent of the company.

Details of these pension schemes are disclosed in the published accounts of NFC plc.

# Scottish Road Services Limited

## NOTES TO THE ACCOUNTS

at October 6, 1990

### 19. PENSIONS (continued)

Employer and employee contributions to the schemes are determined across participating companies in the group in consultation with independent actuaries whose latest valuation was made as at 10 July 1988. The charge in respect of the aforementioned group schemes is the regular cost of benefits accruing during the year.

### 20. CALLED UP SHARE CAPITAL

	6.10.90 £	30.9.89 £
Authorised		
7% (now 4.9% plus tax credit)	500,000	500,000
cumulative preference shares of £1 each	1,750,000	1,750,000
7,000,000 ordinary shares of 25p each	<u>2,250,000</u>	<u>2,250,000</u>
Allotted and fully paid		
7% (now 4.9% plus tax credit)	500,000	500,000
cumulative preference shares of £1 each	1,552,605	1,552,605
6,210,420 ordinary shares of 25p each	<u>2,052,605</u>	<u>2,052,605</u>

### 21. PROFIT AND LOSS ACCOUNT

*Company*

	6.10.90 £	30.9.89 £
Balance at October 1 1989	292,214	249,136
Retained profit for the year	4,897	153,078
Purchased goodwill written off	-	(110,000)
Balance at October 6 1990	<u>297,111</u>	<u>292,214</u>

# Scottish Road Services Limited

## NOTES TO THE ACCOUNTS

at October 6, 1990

### 21. PROFIT AND LOSS ACCOUNT (continued)

*Group*

	6.10.90	30.9.89
	£	£
Balance at October 1 1989	839,919	796,841
Retained profit for the year	4,897	153,078
Purchased goodwill written off	-	(110,000)
Balance at October 6 1990	<u>844,816</u>	<u>839,919</u>

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

### 22. FINANCIAL COMMITMENTS

*Operating leases*

At October 6 1990 the company had commitments during the next financial year in respect of non-cancellable operating leases as follows:

	6.10.90		30.9.89	
	<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	5,356	2,295,142
- in the second to fifth years	12,150	460,503	18,400	647,586
- in the sixth and subsequent years	352,693	60,155	352,693	72,328
	<u>370,691</u>	<u>3,582,343</u>	<u>376,449</u>	<u>3,015,056</u>

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

### 23. CONTINGENT LIABILITIES

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

### 24. PARENT AND ULTIMATE HOLDING COMPANIES

The immediate parent company is National Freight Company Limited which is the direct and principal subsidiary of NFC plc, the ultimate holding company. Both these companies are incorporated in Great Britain.