

Bonds Plc
GROUP FINANCIAL STATEMENTS

30 September 1999



Bonds Plc

DIRECTORS AND OFFICERS

DIRECTORS

Mr J Davis
Mrs KS Waters

SECRETARY

Mr RR Rogers

REGISTERED OFFICE

Unit B
The Apsley Centre
Apsley Way
London NW2 7LZ

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

Bonds Plc

DIRECTORS' REPORT

The directors submit their report and the financial statements of Bonds Plc for the year ended 30 September 1999.

PRINCIPAL ACTIVITIES

The principal activity of the group during the year was that of couriers.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The group has had a satisfactory year and the directors expect this to continue in the coming year. A branch expansion programme is being planned and a Hertfordshire office opened in the Spring of 2000.

DIVIDENDS

In view of the company's current and future requirements and the maintenance and development of the company's business the directors do not recommend the payment of a dividend.

DIRECTORS

The following directors have held office since 1 October 1998:

Mr J Davis
Mrs KS Waters

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of group companies, including family interests, were as follows:

	<i>Bonds plc</i>		<i>Bonds Worldwide Express (Birmingham) Limited</i>	
	<i>Ordinary shares of £1 each</i>	<i>Ordinary shares of £1 each</i>	<i>Ordinary shares of £1 each</i>	<i>Ordinary shares of £1 each</i>
	30.9.99	1.10.98	30.9.99	1.10.98
Mr J Davis	49,999	49,999	-	-
Mrs KS Waters	-	-	50	50

POLICY ON PAYMENT OF CREDITORS

The company agrees terms and conditions for business transactions with its suppliers. Payment is then made in accordance with these terms, subject to the terms and conditions being met by the supplier. The number of days purchases represented by creditors is 32 days (1998: 15 days).

Bonds Plc

DIRECTORS' REPORT

YEAR 2000 COMPLIANCE

The group has recognised the potential disruption and cost to the business of the year 2000 issue and completed a review of its systems prior to 31 December 1999. The costs associated with this review have been absorbed within the normal running costs of the business.

Since 31 December 1999 the company has not incurred any material costs or encountered any significant disruptions to its business as a result of the year 2000 issue and no further costs or disruptions are expected to arise.

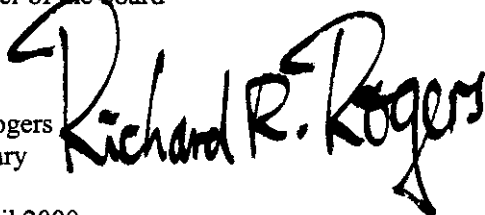
AUDITORS

A resolution to appoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board

R R Rogers
Secretary

26 April 2000

A large, stylized handwritten signature in black ink that reads "Richard R. Rogers". The signature is written over the printed name and title of the Secretary.

Bonds Plc

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 group and of the company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the financial statements comply with the requirements of 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 BONDS PLC

We have audited the financial statements on pages 6 to 19 which have been prepared under the historical cost convention and the accounting policies as set out on page 10.

Respective responsibilities of directors and auditors

As described on page 4 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 financial 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 group'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 group and the company as at 30 September 1999 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY

Registered Auditors
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

26 April 2000

Bonds Plc

GROUP PROFIT AND LOSS ACCOUNT for the year ended 30 September 1999

	<i>Notes</i>	1999 £	1998 £
TURNOVER	1	4,101,156	3,670,784
Cost of sales		(2,002,827)	(1,784,766)
Gross profit		2,098,329	1,886,018
Other operating expenses	2	(1,721,524)	(1,545,749)
		376,805	340,269
Other operating income		2,201	5,877
OPERATING PROFIT		379,006	346,146
Interest receivable		14,099	-
Interest payable	3	(29,395)	(19,498)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	363,710	326,648
Tax on profit on ordinary activities	6	(78,214)	(74,555)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		285,496	252,093
Minority interests		(72,587)	(88,776)
RETAINED PROFIT FOR THE YEAR	15	212,909	163,317

The operating profit for the year arises from the group's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Bonds Plc
GROUP BALANCE SHEET
30 September 1999

	<i>Notes</i>	1999 £	1998 £
FIXED ASSETS			
Tangible assets	8	957,646	644,222
Investments	9	17,349	-
		<u>974,995</u>	<u>644,222</u>
CURRENT ASSETS			
Debtors	10	1,172,671	942,964
Cash at bank and in hand		54,332	35,023
		<u>1,227,003</u>	<u>977,987</u>
CREDITORS: Amounts falling due within one year	11	(1,160,572)	(999,006)
NET CURRENT ASSETS/(LIABILITIES)		<u>66,431</u>	<u>(21,019)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,041,426	623,203
CREDITORS: Amounts falling due after more than one year	12	(309,561)	(136,434)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(41,000)	(22,200)
		<u>690,865</u>	<u>464,570</u>
CAPITAL AND RESERVES			
Called up share capital	14	50,000	50,000
Profit and loss account	15	598,303	385,394
		<u>648,303</u>	<u>435,394</u>
MINORITY INTEREST		42,562	29,176
SHAREHOLDERS' FUNDS		<u>690,865</u>	<u>464,570</u>

Approved by the Board on 26 April 2000

J Davis - Director

Bonds Plc
COMPANY BALANCE SHEET
30 September 1999

	<i>Notes</i>	1999 £	1998 £
FIXED ASSETS			
Tangible assets	8	953,803	639,301
Investments	9	17,399	50
		<u>971,202</u>	<u>639,351</u>
CURRENT ASSETS			
Debtors	10	703,285	489,418
Cash at bank and in hand		18,303	26,257
		<u>721,588</u>	<u>515,675</u>
CREDITORS: Amounts falling due within one year	11	(736,439)	(590,124)
NET CURRENT LIABILITIES		<u>(14,851)</u>	<u>(74,449)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		956,351	564,902
CREDITORS: Amounts falling due after more than one year	12	(309,561)	(136,434)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(41,000)	(22,200)
		<u>605,790</u>	<u>406,268</u>
CAPITAL AND RESERVES			
Called up share capital	14	50,000	50,000
Profit and loss account	15	555,790	356,268
SHAREHOLDERS' FUNDS		<u>605,790</u>	<u>406,268</u>

Approved by the Board on 26 April 2000

J Davis - Director

Bonds Plc

GROUP CASH FLOW STATEMENT for the year ended 30 September 1999

	<i>Notes</i>	1999 £	1998 £
Cash flow from operating activities	17a	469,475	384,260
Returns on investments and servicing of finance	17b	(74,496)	(89,498)
Taxation		(58,419)	(33,644)
Capital expenditure and financial investment	17b	46,754	(28,199)
		<u>383,314</u>	<u>232,919</u>
Equity dividends paid		-	-
CASH INFLOW BEFORE FINANCING		<u>383,314</u>	<u>232,919</u>
Financing	17b	(397,069)	(156,870)
(DECREASE)/INCREASE IN CASH IN THE PERIOD		<u>(13,755)</u>	<u>76,049</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1999 £	1998 £
(Decrease)/increase in cash in the period	(13,755)	76,049
Capital repaid on hire purchase agreements	397,069	156,870
New finance leases	(573,008)	(234,145)
MOVEMENT IN NET DEBT IN PERIOD	<u>(189,694)</u>	<u>(1,226)</u>
NET DEBT AT 1 OCTOBER 1998	(344,448)	(343,222)
NET DEBT AT 30 SEPTEMBER 1999	<u>(534,142)</u>	<u>(344,448)</u>

Bonds Plc

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of Bonds Plc and Bonds Worldwide Express (Birmingham) Limited made up to 30 September 1999. No profit and loss account is presented for Bonds plc as provided by S230 (3) of the Companies Act 1985.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:-

Fixtures, fittings, plant and machinery	10% - 25% per annum straight line
Motor bikes and vehicles	10% - 25% per annum straight line

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

PENSION CONTRIBUTIONS

The company operates a defined contribution pension scheme and the assets of the scheme are held separately from those of the company. Pension costs charged against profits represents the amounts payable to the scheme in respect of the year.

INVESTMENTS

Fixed asset investments are stated at cost, less any provision for diminution in value.

Bonds Plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The group's turnover and profit before taxation were all derived from its principal activity. All sales were made in the United Kingdom.

2	OTHER OPERATING EXPENSES	1999 £	1998 £
	Distribution costs	726,037	556,964
	Administrative expenses	995,487	988,785
		<u>1,721,524</u>	<u>1,545,740</u>

3	INTEREST PAYABLE	1999 £	1998 £
	On bank loans, overdrafts and other loans repayable within 5 years:		
	Finance leases and hire purchase contracts	29,064	19,498
	Bank loans and overdrafts	331	-
		<u>29,395</u>	<u>19,498</u>

4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1999 £	1998 £
	Profit on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the year:		
	owned assets	47,499	24,899
	leased assets	160,424	158,760
	(Profit)/loss on disposals	(12,442)	(554)
	Operating lease rentals:		
	Plant and machinery	39,637	19,182
	Land and buildings	31,362	31,946
	Auditors' remuneration	<u>13,350</u>	<u>10,914</u>

Bonds Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 1999

5	EMPLOYEES	1999 No.	1998 No.
	The average monthly number of persons (including directors) employed by the group during the year was:		
	Office and management	26	22
	Direct labour	54	44
		<u>80</u>	<u>66</u>
		1999 £	1998 £
	Staff costs for the above persons:		
	Wages and salaries	1,105,017	908,696
	Social security costs	100,740	84,285
	Other pension costs	7,840	7,640
		<u>1,213,697</u>	<u>499,273</u>
		1999 £	1998 £
	DIRECTORS' REMUNERATION		
	Salaries and taxable benefits	68,740	88,245
	Amount paid to money purchase pension schemes	6,000	6,000
	Total emoluments	<u>74,740</u>	<u>94,245</u>
		Number	Number
	The number of directors to whom relevant benefits are accruing under money purchase pension schemes was	<u>1</u>	<u>1</u>
6	TAXATION	1999 £	1998 £
	Based on the profit for the year:		
	UK corporation tax	61,000	69,000
	Deferred taxation	18,800	7,505
		<u>79,800</u>	<u>76,505</u>
	Overprovided in earlier years	(1,586)	(1,950)
		<u>78,214</u>	<u>74,555</u>
7	PROFIT OF THE PARENT COMPANY		
	The parent company's profit for the financial year amounted to £199,522 (1998: £144,541).		

Bonds Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 1999

8	TANGIBLE FIXED ASSETS	<i>Fixtures, fittings, plant and machinery</i> £	<i>Motor bikes and vehicles</i> £	<i>Total</i> £
	GROUP			
	Cost			
	1 October 1998	267,386	735,198	1,002,584
	Additions	65,028	573,594	638,622
	Disposals	-	(241,153)	(241,153)
	30 September 1999	332,414	1,067,639	1,400,053
	Depreciation			
	1 October 1998	88,893	269,469	358,362
	Charged in the year	46,704	161,219	207,923
	Disposals	-	(123,878)	(123,878)
	30 September 1999	135,597	306,810	442,407
	Net book value			
	30 September 1999	196,817	760,829	957,646
	30 September 1998	178,493	465,729	644,222

The net book value of tangible fixed assets includes £759,487 (1998: £464,178) in respect of assets held under hire purchase contracts.

	<i>Fixtures, fittings, plant and machinery</i> £	<i>Motor bikes and vehicles</i> £	<i>Total</i> £
COMPANY			
Cost			
1 October 1998	263,908	732,018	995,926
Additions	65,028	573,008	638,036
Disposals	-	(241,153)	(241,153)
30 September 1999	328,936	1,063,873	1,392,809
Depreciation			
1 October 1998	88,785	267,840	356,625
Charged in the year	45,835	160,424	206,259
Disposals	-	(123,878)	(123,878)
30 September 1999	134,620	304,386	439,006
Net book value			
30 September 1999	194,316	759,487	953,803
30 September 1998	175,123	464,178	639,301

The net book value of tangible fixed assets includes £759,487 (1998: £464,178) in respect of assets held under hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 1999

Other investments are unlisted. In the opinion of the directors, their market value at 30 September 1999 was not less than cost.

Page 14

Bonds Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 1999

10 DEBTORS (*continued*)

Mr J Davis' advances bear interest at 10% per annum and are payable on demand. The interest payable during the year ended 30 September 1999 amounted to £13,259 (1998: £Nil).

Mrs KS Wates' advances are interest free and are payable on demand.

11 CREDITORS: Amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Bank overdraft	33,064	-	33,064	-
Obligations under finance leases and hire purchase contracts	245,849	243,037	245,849	243,037
Trade creditors	177,737	188,818	103,943	42,377
Invoice discounting current account	477,231	389,968	212,812	142,065
Amounts owed to group undertakings	-	-	12,813	-
Corporation tax	41,500	40,505	22,000	18,405
Other taxation and social security costs	98,368	111,311	42,076	64,468
Other creditors	47,722	45,082	46,239	43,824
Accruals and deferred income	39,101	50,285	17,643	35,948
	<u>1,160,572</u>	<u>999,006</u>	<u>736,439</u>	<u>590,124</u>

Bank overdrafts amounting to £33,064 (1998 - £Nil) are secured by a debenture giving fixed and floating charges on all assets of the company.

Obligations under finance leases and hire purchase contracts are secured on the related assets.

12 CREDITORS: Amounts falling due after more than one year

	Group and company	
	1999	1998
	£	£
Obligations under finance leases and hire purchase contracts	<u>309,561</u>	<u>136,434</u>

Obligations under finance leases and hire purchase contracts are secured on the related assets and are fully repayable within five years.

Bonds Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 1999

13	PROVISIONS FOR LIABILITIES AND CHARGES	Group and company	
		1999	1998
		£	£
	Deferred taxation		
	Balance at 1 October 1998	22,200	14,695
	Transfer from profit and loss account	18,800	7,505
	Balance at 30 September 1999	<u>41,000</u>	<u>22,200</u>

Deferred taxation provided in the financial statements and the unprovided potential liability are as follows:

	Amount provided		Unprovided liability	
	1999	1998	1999	1998
	£	£	£	£
Accelerated capital allowances	41,000	26,400	-	-
Other timing differences	-	(4,200)	-	-
	<u>41,000</u>	<u>22,200</u>	<u>-</u>	<u>-</u>

14	SHARE CAPITAL	1999	
		£	£
	Authorised:		
	1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	Allotted, issued and fully paid:		
	50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

15	PROFIT AND LOSS ACCOUNT	Group		Company	
		1999	1998	1999	1998
		£	£	£	£
	1 October 1998	385,394	222,077	356,268	211,727
	Profit for the financial year	212,909	163,317	199,522	144,541
	30 September 1999	<u>598,303</u>	<u>385,394</u>	<u>555,790</u>	<u>356,268</u>

Bonds Plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Profit for the financial year	212,909	163,317	199,522	144,541
Dividends	-	-	-	-
Net addition to shareholders' funds	212,909	163,317	199,522	144,541
Opening shareholders' funds	435,394	272,077	406,268	261,727
Closing shareholders' funds	648,303	435,395	605,790	406,268

17 CASH FLOWS

	1999	1998
	£	£
a Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	379,006	346,146
Depreciation	207,923	183,659
(Increase) in debtors	(229,707)	(148,306)
Increase in creditors	124,695	3,315
Profit on disposal of fixed assets	(12,442)	(554)
Net cash flow from operating activities	469,475	384,260
	1999	1998
	£	£
v Analysis of cash flows for headings netted in the cash flow		
Returns on investments and servicing of finance		
Interest received	14,099	-
Interest paid	(331)	-
Interest element of finance lease rental payments	(29,064)	(19,498)
Dividend paid to minority interest	(59,200)	(70,000)
Net cash inflow for returns on investment and servicing of finance	(74,496)	(89,498)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(65,614)	(42,752)
Sale of tangible fixed assets	129,717	14,553
Purchase of fixed assets investments	(17,349)	-
Net cash outflow for capital expenditure and financial investment	46,754	(28,199)
Financing		
Capital element of finance lease rental payments	(397,069)	(156,870)

Bonds Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 1999

17 CASH FLOWS (*continued*)

c	Analysis of net debt	At 1 October 1998 £	Cash flow £	Other non cash changes £	At 30 September 1999 £
	Cash in hand, at bank	35,023	19,309	-	54,332
	Overdrafts	-	(33,064)	-	(33,064)
		<u>35,023</u>	<u>(13,755)</u>	<u>-</u>	<u>21,268</u>
	Finance leases	(379,471)	397,069	(573,008)	(555,410)
	Total	<u>(344,448)</u>	<u>383,314</u>	<u>(573,008)</u>	<u>(534,142)</u>

d Major non-cash transactions

During the year the company purchased tangible fixed assets with a cost of £573,008 (1998: £234,145) under hire purchase agreements.

18 CAPITAL COMMITMENTS

	1999 £	1998 £
Group and company		
Commitments under finance leases entered into but whose inception occurred after the year end	Nil	20,050

19 COMMITMENTS UNDER OPERATING LEASES

At 30 September 1999 the group and company had annual commitments under non-cancellable operating leases as follows:

	Group		Company	
	1999 £	1998 £	1999 £	1998 £
Land and buildings				
expiring within one year	5,656	-	5,656	-
expiring within two to five years	28,002	44,500	22,002	32,500
Other				
expiring within one year	14,171	19,414	14,171	19,414
expiring within two to five years	125,213	74,547	125,213	74,547
	<u>173,042</u>	<u>138,461</u>	<u>167,042</u>	<u>126,461</u>

Bonds Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 1999

20 CONTINGENT LIABILITY

There is a multilateral guarantee between Bonds Plc and Bonds Worldwide Express (Birmingham) Limited. This relates to the agreement between these companies and Alex Lawrie Receivables Financing Limited.

The maximum amount of the contingent liability at 30 September 1999 was £350,000 (1998 - £350,000).

21 RELATED PARTY TRANSACTIONS

During the year the company charged its subsidiary undertaking, Bonds Worldwide Express (Birmingham) Limited an amount of £90,486 (1998 - £70,758) in respect of the use of motor vehicles.

At 30 September 1999 the company owed £12,813 to this the subsidiary (1998 - £55,971 owed to Bonds plc).

23 ULTIMATE CONTROLLING PARTY

The ultimate controlling party of Bonds plc is Mr J Davis who is also a director of the company.