

**ESPRIT LOGISTICS LIMITED**

**FINANCIAL STATEMENTS**

**31ST JULY, 1998**

**Registered number: 2682701**

**MORRIS CROCKER**

**ARTERED ACCOUNTANTS**

**Havant**



**ESPRIT LOGISTICS LIMITED**

**FINANCIAL STATEMENTS**

**for the period ended 31st July, 1998**

**CONTENTS**

|  | Page   |
|--|--------|
| Company information                      | 1      |
| Directors' report                        | 2      |
| Statement of directors' responsibilities | 3      |
| Auditors' report                         | 4      |
| Profit and loss account                  | 5      |
| Balance sheet                            | 6      |
| Notes                                    | 7 - 12 |

**The following pages do not form part of the statutory accounts**

|  |          |   |
|--|----------|---|
| Detailed trading and profit and loss account                 | Appendix | 1 |
| Schedule to the detailed trading and profit and loss account | Appendix | 2 |

**ESPRIT LOGISTICS LIMITED****COMPANY INFORMATION****31st July, 1998**

|                   |  |
|-------------------|--|
| INCORPORATED      | England and Wales on 1st February, 1992  |
| NUMBER            | 2682701  |
| DIRECTORS         | P Toon   |
| SECRETARY         | I Toon   |
| REGISTERED OFFICE | Unit 1 Albany Business Centre<br>Wickham Road<br>Fareham<br>PO17 5BD                                   |
| BANKERS           | Royal Bank of Scotland<br>1-2 Westquay House<br>20 West Street<br>Fareham<br>PO16 OLH                  |
| AUDITORS          | Morris Crocker<br>Chartered Accountants<br>Station House<br>North Street<br>Havant<br>Hants<br>PO9 1QU |

**ESPRIT LOGISTICS LIMITED****DIRECTORS' REPORT****31st July, 1998**

The director presents his report and the audited financial statements for the year ended 31st July, 1998.

**Principal activity**

The principal activity of the company is that of logistics agents.

**Director**

The director of the company during the period and his interests in the shares of the company as recorded in the register of directors' interests were as follows

|        | <b>31st July, 1998</b> | <b>1st February, 1997</b> |
|--------|------------------------|---------------------------|
|        | <b>Ordinary</b>        | <b>Ordinary</b>           |
|        | <b>shares</b>          | <b>shares</b>             |
| P Toon | 575                    | -                         |

**Auditors**

The company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary Morris Crocker will continue in office.

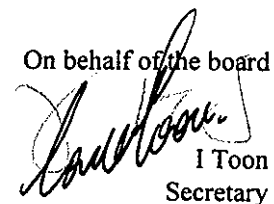
**Small company exemptions**

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

16th November, 1998

Unit 1 Albany Business Centre  
Wickham Road  
Fareham  
PO17 5BD

On behalf of the board

  
I Toon  
Secretary

**ESPRIT LOGISTICS LIMITED****STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

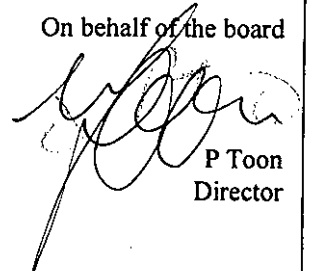
Company law requires the director to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

16th November, 1998

On behalf of the board



P Toon  
Director

**ESPRIT LOGISTICS LIMITED****AUDITORS' REPORT**

**Auditors' report to the members of**

**Esprit Logistics Limited**

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

**Respective responsibilities of director and auditors**

As described on page 3, the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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 error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st July, 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Havant

18th November, 1998

Morris Crocker

MORRIS CROCKER

Chartered Accountants  
and Registered Auditors

**ESPRIT LOGISTICS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**for the period ended 31st July, 1998**

|   | Note | Eighteen months<br>1998<br>£ | Year<br>1997<br>£   |
|---|------|------------------------------|---------------------|
| <b>Turnover</b>   | 2    | 1,377,008                    | 945,757             |
| <b>Cost of sales</b>  |      | (1,094,370)                  | (721,777)           |
| <b>Gross profit</b>   |      | <u>282,638</u>               | <u>223,980</u>      |
| <b>Net operating expenses</b>   |      |                              |                     |
| Administrative expenses   |      | (347,764)                    | (209,443)           |
| Other operating income  |      | 119,360                      | -                   |
| <b>Operating profit</b>   | 3    | <u>54,234</u>                | <u>14,537</u>       |
| Investment income   | 5    | 228                          | 69                  |
| Interest payable  | 6    | (4,083)                      | (2,081)             |
| <b>Profit on ordinary activities<br/>before taxation</b>                        |      | <u>50,379</u>                | <u>12,525</u>       |
| <b>Taxation</b>   | 8    | (11,672)                     | (3,192)             |
| <b>Profit on ordinary activities<br/>after taxation retained for the period</b> | 15   | <u><u>38,707</u></u>         | <u><u>9,333</u></u> |

Movements in reserves are shown in note 15.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1998 or 1997 other than the profit for the period.

## ESPRIT LOGISTICS LIMITED

## BALANCE SHEET

at 31st July, 1998

|  | Note | £              | 1998<br>£     | £              | 1997<br>£     |
|--|------|----------------|---------------|----------------|---------------|
| <b>Fixed assets</b>  |      |                |               |                |               |
| Tangible assets  | 9    |                | 81,048        |                | 68,781        |
| <b>Current assets</b>  |      |                |               |                |               |
| Debtors  | 10   | 108,187        |               | 238,668        |               |
| Cash at bank and in hand                                       |      | 31,278         |               | 76             |               |
|  |      | <u>139,465</u> |               | <u>238,744</u> |               |
| <b>Creditors: amounts falling due within one year</b>          | 11   | (138,544)      |               | (289,928)      |               |
| <b>Net current assets/(liabilities)</b>                        |      |                | 921           |                | (51,184)      |
| <b>Total assets less current liabilities</b>                   |      |                | <u>81,969</u> |                | <u>17,597</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 12   |                | (23,755)      |                | (1,790)       |
| <b>Provision for liabilities and charges</b>                   | 13   |                | (3,700)       |                | -             |
|  |      |                | <u>54,514</u> |                | <u>15,807</u> |
| <b>Capital and reserves</b>                                    |      |                |               |                |               |
| Called up share capital  | 14   |                | 1,000         |                | 1,000         |
| Profit and loss account  | 15   |                | 53,514        |                | 14,807        |
| <b>Total shareholders' funds</b>                               | 16   |                | <u>54,514</u> |                | <u>15,807</u> |

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 5 to 12 were approved by the board of directors on 16th November, 1998 and signed on its behalf by:



P Toon  
Director



# ESPRIT LOGISTICS LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st July, 1998

### 1 Accounting policies

#### Basis of accounting

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

#### Turnover

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

#### Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

|                           |                                  |
|---------------------------|----------------------------------|
| Assets under construction | 20% reducing balance )           |
| Plant and machinery       | 20% reducing balance ) per annum |
| Motor vehicles            | 25% reducing balance )           |
| Fixtures and fittings     | 20% reducing balance )           |

#### Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

#### Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

#### Pensions

#### Defined contribution scheme

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

### 2 Turnover

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK. (1997 nil)

## ESPRIT LOGISTICS LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st July, 1998

**3 Operating profit**

|  | 1998<br>£         | 1997<br>£         |
|--|-------------------|-------------------|
| Operating profit is stated after crediting   |                   |                   |
| Profit on sale of assets   | 1,576             | -                 |
| Exceptional items (note 7)   | 119,360           | -                 |
|  | <u>          </u> | <u>          </u> |
| and after charging   |                   |                   |
| Auditors' remuneration   | 1,500             | 600               |
| Operating leases   |                   |                   |
| Hire of plant and machinery  | 154,547           | 87,809            |
| Hire of assets other than plant & machinery  | 1,056             | -                 |
| Rent   | 11,691            | 5,602             |
| Loss on sale of assets   | 8,617             | -                 |
|  | <u>          </u> | <u>          </u> |
| Depreciation of tangible fixed assets<br>(note 9)  |                   |                   |
| owned assets   | 18,451            | 13,906            |
| leased assets  | 747               | 6,766             |
|  | <u>          </u> | <u>          </u> |
|  | 19,198            | 20,672            |
|  | <u>          </u> | <u>          </u> |
| The total amount charged against profits<br>in respect of finance leases and hire<br>purchase contracts is | 747               | 8,811             |
| (of which part is shown as depreciation<br>and the balance is shown as interest<br>payable in note 6)      | <u>          </u> | <u>          </u> |

**4 Directors**

|                                 | 1998<br>£         | 1997<br>£         |
|---------------------------------|-------------------|-------------------|
| Directors' emoluments           | 20,116            | 13,085            |
| Compensation for loss of office | -                 | 11,850            |
|                                 | <u>          </u> | <u>          </u> |
|                                 | 20,116            | 24,935            |
|                                 | <u>          </u> | <u>          </u> |

**Defined contribution pension scheme**

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,129 (1997 £3,863).

**5 Investment income**

|                     | 1998<br>£         | 1997<br>£         |
|---------------------|-------------------|-------------------|
| Interest receivable | 228               | 69                |
|                     | <u>          </u> | <u>          </u> |

## ESPRIT LOGISTICS LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st July, 1998

**6 Interest payable**

|   | 1998<br>£    | 1997<br>£    |
|---|--------------|--------------|
| Finance lease and hire purchase contracts | 2,094        | 2,045        |
| Other interest payable                    | 1,989        | 36           |
|   | <u>4,083</u> | <u>2,081</u> |

**7 Exceptional items**

|   | 1998<br>£      | 1997<br>£ |
|---|----------------|-----------|
| <b>Included in other operating income:</b>            |                |           |
| Profit on sale of business segment (In Night Express) | <u>119,360</u> | <u>-</u>  |

**8 Taxation**

|   | 1998<br>£     | 1997<br>£    |
|---|---------------|--------------|
| Corporation tax on profit on ordinary activities<br>at 21% (1997 24%) | 7,972         | 3,192        |
| Deferred taxation   | 3,700         | -            |
|   | <u>11,672</u> | <u>3,192</u> |

## ESPRIT LOGISTICS LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st July, 1998

## 9 Tangible fixed assets

| Cost                   | Motor<br>vehicles<br>£ | Plant<br>and<br>equipment<br>£ | Fixtures<br>and<br>fittings<br>£ | Computer<br>and office<br>equipment<br>£ | Total<br>£ |
|------------------------|------------------------|--------------------------------|----------------------------------|--|------------|
| 1st February, 1997     | 64,663                 | 801                            | 9,630                            | 28,664                                   | 103,758    |
| Additions              | 85,931                 | -                              | 350                              | 5,981                                    | 92,262     |
| Disposals              | (84,663)               | -                              | -                                | (8,899)                                  | (93,562)   |
| 31st July, 1998        | 65,931                 | 801                            | 9,980                            | 25,746                                   | 102,458    |
| <b>Depreciation</b>    |                        |                                |                                  |  |            |
| 1st February, 1997     | 22,931                 | 447                            | 3,571                            | 8,028                                    | 34,977     |
| Charge for period      | 11,321                 | 106                            | 1,922                            | 5,849                                    | 19,198     |
| Disposals              | (30,985)               | -                              | -                                | (1,780)                                  | (32,765)   |
| 31st July, 1998        | 3,267                  | 553                            | 5,493                            | 12,097                                   | 21,410     |
| <b>Net book amount</b> |                        |                                |                                  |  |            |
| 31st July, 1998        | 62,664                 | 248                            | 4,487                            | 13,649                                   | 81,048     |
| 31st January, 1997     | 41,732                 | 354                            | 6,059                            | 20,636                                   | 68,781     |

The net book amount of fixed assets includes £35,119 (1997 £20,296) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

## 10 Debtors

|  | 1998<br>£ | 1997<br>£ |
|--|-----------|-----------|
| <b>Amounts falling due within one year</b> |           |           |
| Trade debtors                              | 103,507   | 194,671   |
| Other debtors                              | 4,680     | 43,997    |
|  | 108,187   | 238,668   |

## 11 Creditors: amounts falling due within one year

|   | 1998<br>£ | 1997<br>£ |
|---|-----------|-----------|
| Bank overdrafts   | -         | 116,127   |
| Trade creditors   | 77,668    | 113,282   |
| Obligations under finance leases<br>and hire purchase contracts - note 12 | 18,920    | 10,215    |
| Corporation tax   | 7,972     | 3,192     |
| Other taxation and social security  | 27,873    | 39,121    |
| Other creditors   | 6,111     | 7,991     |
|   | 138,544   | 289,928   |

NOTES ON FINANCIAL STATEMENTS

31st July, 1998

12 Creditors: amounts falling due after more than one year

|                 | 1998<br>£     | 1997<br>£    |
|-----------------|---------------|--------------|
| Other creditors | 23,755        | 1,790        |
|                 | <u>23,755</u> | <u>1,790</u> |

Obligations under finance leases and hire purchase contracts

Amounts included above are repayable over varying periods by monthly instalments as follows:

|                              |               |               |
|------------------------------|---------------|---------------|
| In the next year             | 18,920        | 10,215        |
| In the second to fifth years | 23,755        | 1,790         |
|                              | <u>42,675</u> | <u>12,005</u> |

13 Provision for liabilities and charges

|                                | 1997<br>£ | Profit and<br>loss account<br>£ | Other<br>movements<br>£ | 1998<br>£    |
|--------------------------------|-----------|---------------------------------|-------------------------|--------------|
| Deferred taxation              |           |                                 |                         |              |
| Accelerated capital allowances | -         | 3,700                           | -                       | 3,700        |
|                                | <u>-</u>  | <u>3,700</u>                    | <u>-</u>                | <u>3,700</u> |

14 Called up share capital

|                                    | 1998                |              | 1997                |              |
|------------------------------------|---------------------|--------------|---------------------|--------------|
|                                    | Number of<br>shares | £            | Number of<br>shares | £            |
| Authorised                         |                     |              |                     |              |
| Ordinary shares of £1 each         | 1,000               | 1,000        | 1,000               | 1,000        |
|                                    | <u>1,000</u>        | <u>1,000</u> | <u>1,000</u>        | <u>1,000</u> |
| Allotted, called up and fully paid |                     |              |                     |              |
| Ordinary shares of £1 each         | 1,000               | 1,000        | 1,000               | 1,000        |
|                                    | <u>1,000</u>        | <u>1,000</u> | <u>1,000</u>        | <u>1,000</u> |

15 Profit and loss account

|                                | 1998<br>£     |
|--------------------------------|---------------|
| 1st February, 1997             | 14,807        |
| Retained profit for the period | 38,707        |
| 31st July, 1998                | <u>53,514</u> |

NOTES ON FINANCIAL STATEMENTS

31st July, 1998

16 Reconciliation of movements in shareholders' funds

|   | 1998<br>£     | 1997<br>£     |
|---|---------------|---------------|
| Profit for the financial period<br>representing a<br>Net addition to<br>shareholders' funds | 38,707        | 9,333         |
| Opening shareholders' funds   | 15,807        | 6,474         |
| Closing shareholders' funds   | <u>54,514</u> | <u>15,807</u> |

17 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st July, 1999 :

|                              | 1998<br>Land and<br>buildings<br>£ | 1997<br>Land and<br>buildings<br>£ |
|------------------------------|------------------------------------|------------------------------------|
| Expiring<br>After five years | 7,500                              | 4,000                              |
|                              | <u>7,500</u>                       | <u>4,000</u>                       |

18 Controlling party

The company is controlled by its director, P. Toon.