

**Report of the Directors and**  
**Financial Statements**  
**for the Year Ended 31 December 1998**  
**for**  
**Charles Kendall Freight Limited**



**Charles Kendall Freight Limited**

**Report of the Directors**  
**for the Year Ended 31 December 1998**

The directors present their report with the financial statements of the company for the year ended 31 December 1998.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of international freight forwarders and export packers.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

**DIVIDENDS**

The directors do not propose a dividend for the year (1997 - £NIL). If this recommendation is approved, the profit for the year of £16,318 will be taken to reserves.

**DIRECTORS**

The directors during the year were:

J M Kendall	
R A Patterson	- resigned 5 October 1998
J F M Monkhouse	
G F Cecil	
P K Crafter	- appointed 1 January 1998

P K Crafter resigned from the board on 12 February 1999. D Pook was appointed to the board on 1 January 1999. P Sunderland was appointed to the board on 12 April 1999.

J M Kendall is also a director of Charles Kendall & Partners (Investments) Limited, of which the company is a wholly owned subsidiary undertaking and his share interests are disclosed in the accounts of that company.

The other directors hold no beneficial interest in shares of the company or in any other company in the group.

**YEAR 2000**

The company has assessed the potential impact of the Millennium on the company's operations. Most existing systems and processes appear to be Millennium compliant and a programme is in place to modify and replace the remaining systems and processes.


**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

- select suitable accounting policies and then 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 directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with 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.

**ON BEHALF OF THE BOARD:**

  
.....  
G P Mitchell SECRETARY

Dated: 10 September 1999

**Charles Kendall Freight Limited**

**Report of the Auditors to the Shareholders of**  
**Charles Kendall Freight Limited**

We have audited the financial statements on pages three to eight which have been prepared under the historical cost convention and the accounting policies set out on page five.

**Respective responsibilities of directors and auditors**

As described on page one 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 statements and to report our opinion to you.

**Basis of opinion**

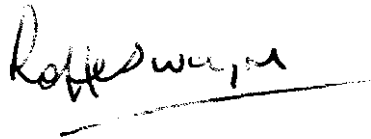
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

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

Roffe Swayne  
Registered Auditors &  
Chartered Accountants  
Ashcombe Court  
Woolsack Way  
Godalming, Surrey  
GU7 1LQ



Dated: 10 September 1999

**Charles Kendall Freight Limited**

**Profit and Loss Account**  
**for the Year Ended 31 December 1998**

		1998	1997
	Notes	£	£
<b>TURNOVER</b>	2	15,016,553	12,702,026
Cost of sales		11,586,876	9,572,102
<b>GROSS PROFIT</b>		3,429,677	3,129,924
Administrative expenses		3,548,808	3,160,229
		(119,131)	(30,305)
Other operating income		97,051	50,518
<b>OPERATING (LOSS)/PROFIT</b>	4	(22,080)	20,213
Interest receivable and similar income		45,593	39,771
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		23,513	59,984
Tax on profit on ordinary activities	5	7,195	14,996
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		16,318	44,988
Retained profit brought forward		399,332	354,344
<b>RETAINED PROFIT CARRIED FORWARD</b>		£415,650	£399,332

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

**TOTAL RECOGNISED GAINS AND LOSSES**

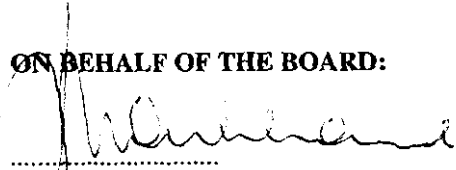
The company has no recognised gains or losses other than the profits for the current and previous years.

**Charles Kendall Freight Limited**

**Balance Sheet**  
**31 December 1998**

		<u>1998</u>	<u>1997</u>
	Notes	£	£
<b>CURRENT ASSETS:</b>			
Debtors	6	4,356,085	3,398,849
Cash at bank and in hand		83,085	19,060
		<u>4,439,170</u>	<u>3,417,909</u>
<b>CREDITORS: Amounts falling due within one year</b>	7	3,851,246	2,846,303
		<u>587,924</u>	<u>571,606</u>
<b>NET CURRENT ASSETS:</b>			
		<u>587,924</u>	<u>571,606</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>		<u>£587,924</u>	<u>£571,606</u>
<b>CAPITAL AND RESERVES:</b>			
Called up share capital	9	16,920	16,920
Share premium	10	155,354	155,354
Profit and loss account		415,650	399,332
		<u>587,924</u>	<u>571,606</u>
Shareholders' funds	13	<u>£587,924</u>	<u>£571,606</u>

**ON BEHALF OF THE BOARD:**

  
.....  
J F M Monkhouse - DIRECTOR

Approved by the Board on 10/1/99.....

**Charles Kendall Freight Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 1998**

**1. ACCOUNTING POLICIES**

**Accounting convention**

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

**Turnover**

Turnover consists of total value, exclusive of import duty and value added tax, of goods and services supplied during the year.

**Operating leases**

Rentals paid under operating leases are charges to the profit and loss account as incurred.

**Pensions**

The cost to the company of its pension contribution to a Group Personal Pension Plan is charged to the profit and loss account as incurred.

**Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling and recorded at a rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date.

**2. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

The analysis of turnover by geographical market is as follows:-

	1998	1997
	£	£
United Kingdom	10,326,999	8,578,178
Middle East	3,640,130	3,391,871
North America	423,572	309,042
Europe	271,506	132,889
Other	354,346	290,046
	<u>15,016,553</u>	<u>12,702,026</u>

**3. STAFF COSTS**

	1998	1997
	£	£
Wages and salaries	1,869,019	1,658,655
Social security costs	159,526	142,631
Other pension costs	64,892	53,968
	<u>2,093,437</u>	<u>1,855,254</u>

The average monthly number of employees during the year was as follows:

	1998	1997
Management	3	3
Manufacturing	2	3
Transport	11	12
Freight forwarding	82	74
	<u>98</u>	<u>92</u>

**Charles Kendall Freight Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 1998**

**4. OPERATING (LOSS)/PROFIT**

The operating loss (1997 - operating profit) is stated after charging:

	1998	1997
	£	£
Auditors' remuneration	10,000	10,000
Hire charges under operating leases:		
Property	113,134	120,946
Plant and equipment	154,544	147,477
	<u>          </u>	<u>          </u>
Directors' emoluments	40,636	114,865
	<u>          </u>	<u>          </u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	1	1
	<u>      </u>	<u>      </u>

**5. TAXATION**

The tax charge on the profit on ordinary activities for the year was as follows:

	1998	1997
	£	£
UK corporation tax	11,500	25,032
Over provision in prior years	(4,305)	(10,036)
	<u>          </u>	<u>          </u>
	7,195	14,996
	<u>          </u>	<u>          </u>

UK corporation tax has been charged at 21% (1997 - 21.75%).

**6. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	1998	1997
	£	£
Trade debtors	4,215,792	3,107,930
Other debtors	96,955	98,737
Amounts owed by group undertakings	43,338	192,182
	<u>          </u>	<u>          </u>
	4,356,085	3,398,849
	<u>          </u>	<u>          </u>

**Charles Kendall Freight Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 1998**

**7. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	1998	1997
	£	£
Trade creditors	3,351,385	2,414,161
Unpresented cheques	44,468	227,594
Amounts owed to group undertakings	396,079	145,450
Corporation tax	25,705	25,032
Accruals	33,609	34,066
	<u>3,851,246</u>	<u>2,846,303</u>

**8. OBLIGATIONS UNDER LEASING AGREEMENTS**

The following payments are committed to be paid within one year:

	1998	1997
	£	£
Operating leases		
Expiring:		
Within one year	4,280	-
Between one and five years	84,306	81,326
In more than five years	26,000	26,000
	<u>114,586</u>	<u>107,326</u>

**9. CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	1998	1997
			£	£
16,920	Ordinary	1	<u>16,920</u>	<u>16,920</u>

**10. SHARE PREMIUM**

	1998	1997
	£	£
Brought forward and carried forward	<u>155,354</u>	<u>155,354</u>

**11. PENSION COMMITMENTS**

Details of the company's pension arrangements are disclosed in the accounts of the ultimate parent company. The pension cost charge represents contributions payable by the company and amounts to £64,892 (1997 £53,968).

**12. RELATED PARTY DISCLOSURES**

There have been no related party transactions that require disclosure in the year ended 31 December 1998.

Exemption has been taken from the requirement to disclose related party inter-company transactions within the Charles Kendall group of companies as permitted by Financial Reporting Standard Number 8.

**Charles Kendall Freight Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 1998**

**12. RELATED PARTY DISCLOSURES**

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Exemption has been taken from the requirement to disclose related party inter-company transactions within the Charles Kendall group of companies as permitted by Financial Reporting Standard Number 8.

**13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1998	1997
	£	£
Profit for the financial year	16,318	44,988
<b>NET ADDITION TO SHAREHOLDERS' FUNDS</b>	<b>16,318</b>	<b>44,988</b>
Opening shareholders' funds	571,606	526,618
<b>CLOSING SHAREHOLDERS' FUNDS</b>	<b>587,924</b>	<b>571,606</b>
Equity interests	587,924	571,606

**14. ULTIMATE PARENT COMPANY**

The company's ultimate parent company is Charles Kendall & Partners (Investments) Limited, a company incorporated in England.

**15. CONTROLLING PARTIES**

Details of the controlling parties are disclosed in the directors' report of the ultimate parent company.