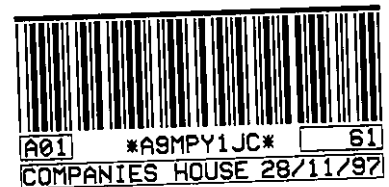


IMPERIAL FREIGHT SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1996



REGISTERED NUMBER: 3120063 England & Wales

IMPERIAL FREIGHT SERVICES LIMITED
INDEX TO THE FINANCIAL STATEMENTS
YEAR ENDING 31 DECEMBER 1996

	PAGE(S)
Company Information	1
Directors Report	2
Directors Responsibilities	3
Auditors Report to the Shareholders	4
Auditors Report to the Directors	5
Profit & Loss Account	6
Balance Sheet	7
Accounting Policies	8
Notes to the Accounts	9 - 12
Detailed Profit & Loss Account	13

COMPANY INFORMATION

REGISTERED OFFICE	-	Arundel House School Road West Wellow Hampshire SO51 6AR
COMPANY NO	-	3120063
BANKERS	-	National Westminster Bank PLC P O Box 315 High Street Southampton SO14 2BF
ACCOUNTANTS	-	C.B.M. Accountants 82 Highfield Lane Highfield Southampton SO17 1RJ
SECRETARY	-	Mrs T Noyce

REPORT OF THE DIRECTORS**YEAR ENDED 31 DECEMBER 1996****DIRECTORS REPORT**

The Directors submit their Annual Report and the Statutory Accounts for the year ended 31 December 1996.

PRINCIPAL ACTIVITIES

The main activities of the Company are those of provision of freight transportation services.

REVIEW OF THE BUSINESS

The Directors of the business are disappointed with the financial results for the year, although they expect an improvement in the forthcoming year.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £7,742. The Directors do not recommend the payment of a dividend for the year. Details of changes in Fixed Assets during the year are shown in the Notes to the Accounts.

STATUS

The company is a close company as defined in Section 414 of the Income and Corporation Taxes Act 1988.

DIRECTORS AND THEIR INTERESTS

The Directors in office in the year and their beneficial interests in the share capital of the Company were as follows:

<u>Name of Director</u>	ORDINARY SHARES OF £1
	<u>1996</u>
R J W Noyce	1


POST BALANCE SHEET EVENTS

There are no post balance sheet events.

AUDITORS

The auditor, Michael Northover will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985. In preparing the above report, the directors have taken advantage of special exemptions applicable to small Companies provided by Part II of Schedule 8 to the Companies Act 1985.

Mr R J W Noyce



.....

Date: 17/11/97

Signed on Behalf of the Board of Directors

DIRECTORS RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 1996

Company law requires the Directors to prepare accounts for each financial year which gives a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period.

In preparing those accounts, 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 accounts 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 accounts 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

IMPERIAL FREIGHT SERVICES LIMITED

YEAR ENDING 31 DECEMBER 1996

We have audited the accounts on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit on those accounts 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 examinations, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned 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 mis-statement, 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

**Moores Cottage
Carters Clay Road
Lockerley
Hants
SO51 OGL**



**M A NORTHOVER
CHARTERED ACCOUNTANT
REGISTERED AUDITORS**

26 November 1997

**AUDITORS REPORT PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985
YEAR ENDING 31 DECEMBER 1996**

We have examined the abbreviated accounts as set out on pages 7 - 12, together with the financial statements of the Company, prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1996.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS & AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion, as to the Company's entitlement to the exemptions claimed in the Directors statement on page 3 and whether the abbreviated accounts have been properly prepared in accordance with that schedule.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion the Company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of part III of Schedule 8 to that Act, in respect of the year ended 31 December 1996 and the abbreviated accounts on pages 7 to 12 have been properly assessed in accordance with that Schedule.

OTHER INFORMATION

On 26 November 1997 we reported, as auditors of IMPERIAL FREIGHT SERVICES Limited, to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1996 and our audit report was as follows:

We have audited the financial statements on pages 6 - 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS & AUDITORS

As described on page 3, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based 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 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 mis-statement, 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 accounts give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

**Moores Cottage
Carters Clay Road
Lockerley
Hants, SO51 OGL**



**M A NORTHOVER
CHARTERED ACCOUNTANT
REGISTERED AUDITORS
26 November 1997**

TRADING & PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1996

	NOTES	1996 £
TURNOVER	1(iv)	498,195
Cost of Sales		<u>(382,751)</u>
GROSS PROFIT		115,444
Administration Expenses		<u>(121,697)</u>
OPERATING LOSS	2	(6,253)
Interest Receivable	5	<u>1,330</u>
		(4,923)
Interest Payable & Similar Charges	4	<u>(2,819)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(7,742)
Taxation on Loss on Ordinary Activities		<u>-</u>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(7,742)
RETAINED PROFIT AT 1 JANUARY 1996		<u>-</u>
REVENUE DEFICIT AT 31 DECEMBER 1996		<u><u>(7,742)</u></u>

Turnover and operating loss derive wholly from continuing operations. The Company had no recognised gains or losses other than the loss for the above financial year.

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

Profit/(Loss) for the Financial Year after Taxation	(7,742)
Total recognised Gains/(Losses) relating to the Year	(7,742)

(The attached notes form part of these accounts)

BALANCE SHEET

31 DECEMBER 1996

	NOTE	1996 £
FIXED ASSETS		
Tangible Assets	6	21,285
Intangible Assets	7	<u>-</u>
		21,285
CURRENT ASSETS		
Debtors	8	84,513
Cash at Bank and in Hand		<u>44,107</u>
		128,620
		=====
CREDITORS		
Amounts due within one Year	9	<u>157,646</u>
		=====
NET CURRENT ASSETS (LIABILITIES)		<u>(29,026)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(7,741)</u>
		=====
CAPITAL & RESERVES		
Share Capital	11	1
Reserves		<u>(7,742)</u>
Shareholders Funds	13	<u>(7,741)</u>
		=====

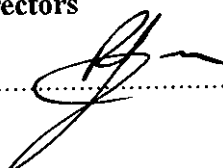
The directors have taken advantage of the exemptions conferred by Part III of Schedule 8 to the Companies Act 1985 and have done so on the grounds that, in their opinion, the company qualifies as a small company.

In the preparation of the Company's annual accounts, the Directors have taken advantage of special exemptions applicable to small Companies provided by Part I of Schedule 8 of the Companies Act 1985 and have done so on the grounds that, in their opinion, the Company qualifies as a small Company.

These financial statements were approved by the Board of Directors on 17 November 1997.

Signed on Behalf of the Board of Directors

R J W Noyce - Director

.....

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

1. ACCOUNTING POLICIES

i) **Basis of Accounting**

The attached accounts have been prepared in accordance with the historical cost convention.

ii) **Tangible Fixed Assets**

Depreciation on fixed assets has been provided at rates calculated to write-off each asset over its estimated useful life.

Office Equipment & Computers	-	25% on Reducing Balance
Motor Vehicles	-	25% on Reducing Balance
Plant & Equipment	-	25% on Reducing Balance

iii) **Deferred Taxation**

The charge for taxation is based on the loss for the year as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts.

iv) **Turnover**

Turnover represents the value of services provided to customers excluding Value Added Tax.

v) **Cash Flow Statement**

The Directors have elected to take advantage of the exemption under FRS 1 not to prepare a cash flow statement.

vi) **Foreign Exchange Transactions**

Foreign currency accounts are converted to sterling at the appropriate Money Market rates as at the financial year end and any surplus or losses are written-off to the Profit and Loss Account.

vii) **Pensions**

The company operates a deferred contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions are charged to the Profit and Loss account as they become payable in accordance with the rules of the scheme.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

1996

2. OPERATING LOSS

The loss on ordinary activities before taxation and interest payable is stated after charging/crediting:

Directors Remuneration - Emoluments for Service as Director	22,916
Directors Pension Costs	6,000
Auditors Remuneration	1,000
Loss on Exchange	3,832
Surplus re: Related Party Transaction	(7,292)
Depreciation of Tangible Fixed Assets	<u>7,094</u>

3. DIRECTORS

Pensions	6,000
Benefits in Kind	2,911
Emoluments for Service as Director	<u>22,916</u>
	<u>31,827</u>

4. INTEREST PAYABLE & SIMILAR CHARGES

On overdrafts, loans and hire purchase liabilities repayable within five years.	<u>2,819</u>
---	--------------

5. INTEREST RECEIVABLE

Bank Deposit Accounts	<u>1,330</u>
-----------------------	--------------

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

6. TANGIBLE FIXED ASSETS

	MOTOR VEHICLES	PLANT & EQUIP	OFFICE EQUIP & COMPUTERS	TOTAL
COST				
Additions in the Year	<u>16,885</u>	<u>154</u>	<u>11,340</u>	<u>28,379</u>
At 31 December 1996	<u>16,885</u>	<u>154</u>	<u>11,340</u>	<u>28,379</u>
DEPRECIATION				
Charge for the Year	<u>4,221</u>	<u>38</u>	<u>2,835</u>	<u>7,094</u>
At 31 December 1996	<u>4,221</u>	<u>38</u>	<u>2,835</u>	<u>7,094</u>
NET BOOK VALUE				
At 31 December 1996	<u>12,664</u>	<u>116</u>	<u>8,505</u>	<u>21,285</u>

7. INTANGIBLE FIXED ASSETS

	1996 £
Purchase of Goodwill of A.M.F Properties Ltd	1
Less: Written-off	<u>1</u>
Balance at 31 December 1996	<u>-</u>

NOTES TO THE ACCOUNTS

31 DECEMBER 1996

1996

8. DEBTORS

Amounts due within one Year

Other Debtors	199
Trade Debtors	83,924
Prepayments & Accrued Income	<u>390</u>
	<u>84,513</u>

9. CREDITORS

Amounts falling due within one Year:

Bank Overdraft	18,920
Trade Creditors	91,139
PAYE & National Insurance	1,915
Value Added Tax	5,496
Other Creditors	<u>40,176</u>
	<u>157,646</u>

10. PROVISIONS FOR LIABILITIES & CHARGES

Deferred Taxation

The Directors do not consider that any provision is required for deferred taxation under the accounting policy set out in Note 1.

The unprovided deferred tax on timing differences as a result of accelerated capital allowances @ 24% is:

1996

-

=====

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

11. SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, Called Up & Fully Paid</u>
		1996
		£
Ordinary Shares of £1.00 each	10,000	1
	<u>=====</u>	<u>=====</u>

12. CAPITAL COMMITMENTS

The Company had no capital commitments authorised or contracted for at 31 December 1996.

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

(Loss)/Profit for the Financial Year	(7,742)
Issue of Shares	1
Opening Shareholders Funds at 1 January 1996	-
Closing Shareholders Funds at 31 December 1996	<u>(7,741)</u>

14. CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date.

15. INCORPORATION

The Company was incorporated on 31 October 1995, but did not commence trading until 1 January 1996.

16. RELATED PARTY TRANSACTIONS

On commencement, the Company acquired the Business and related assets and liabilities formerly carried on by A.M.F. Properties Limited, of which Mr Noyce, the only shareholder and director, was a director and 50% shareholder. This transaction was the subject of a properly drawn up legal agreement based on advice from the company's accountants and solicitors. On its conclusion Mr Noyce ceased to have any interest or involvement with A.M.F. Properties Limited.

A surplus of £7,292 arose on the acquisition of the various assets and liabilities which was credited to the Profit and Loss Account.