KPMG PEAT MARWICK
REGISTRAR'S COPY

Wingate & Johnston Limited

Directors' report and financial statements

8 month period ended 31 August 1994

Registered number 948446

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Wingate & Johnston Limited

Directors' report and financial statements

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Wingate & Johnston Limited

Directors' report

The directors present their annual report and the audited financial statements for the eight month period ended 31 August 1994.

Principal activities

The principal activity of the company is that of international freight forwarding.

Business review

Traditionally, the latter part of the year tends to be stronger. With this in mind and the knowledge of future orders, the directors are satisfied with the results reported for the shortened eight month period to 31 August 1994.

Proposed dividend and transfer to reserves

No interim and final ordinary dividends were paid during the period *(1993: £Nil)*. Retained profits of £33,073 *(1993: £111,656)* have been transferred to reserves.

Significant changes in fixed assets

Movements in tangible fixed assets are shown in note 10 to the financial statements.

Directors and directors' interests

The directors who held office during the year were as follows:

AR Todd	(resigned 31 December 1994)
RL Constantine	
E Magee	(resigned 3 January 1995)
R Pateman	
JHF Simson	
NL Constantine	(appointed 3 January 1995)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. Share interests in the ultimate parent company held by any directors of this company who are also directors of the ultimate parent company are shown in the directors' report of that company.

In accordance with the Articles of Association, NL Constantine will offer himself for re-election at the forthcoming Annual General Meeting. The directors retiring by rotation are JHF Simson and R Pateman who, being eligible, offer themselves for re-election.

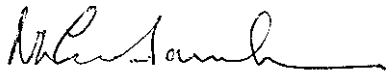
Wingate & Johnston Limited

Directors' report *(continued)*

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



NL Constantine
Director

134 Queens Road
Peckham
London
SE15 2HR

27 January 1995

Wingate & Johnston Limited

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

KPMG Peat Marwick

Northgate House
St Augustines Way
Darlington
Co Durham
DL1 1UZ

Auditors' report to the members of Wingate & Johnston Limited

We have audited the financial statements on pages 5 to 16.

Respective responsibilities of directors and 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 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 August 1994 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

27 January 1995

Chartered Accountants
Registered Auditors

Wingate & Johnston Limited

Profit and loss account

for the 8 month period ended 31 August 1994

	Note	8 month period ended 31 August 1994 £	Year ended 31 December 1993 £
Turnover	2	**1,210,646**	2,125,582
External charges		**(858,163)**	(1,500,960)
Staff costs	5	**(194,224)**	(323,074)
Depreciation		**(10,828)**	(22,241)
Other operating charges		**(94,804)**	(138,273)
Operating profit		**52,627**	141,034
Interest receivable and similar income	6	**1,983**	8,492
Interest payable and similar charges	7	**(5,163)**	(2,917)
Profit on ordinary activities before taxation	2-5	**49,447**	146,609
Tax on profit on ordinary activities	8	**(16,374)**	(34,953)
Profit for the financial year		**33,073**	111,656
Retained profit brought forward		**217,600**	205,944
Dividends paid	9	**-**	(100,000)
Retained profit carried forward		**250,673**	217,600

There are no recognised gains or losses other than the profit for the period.

In both the current and preceding period the company made no acquisitions and had no discontinued operations.

Wingate & Johnston Limited

Balance sheet
at 31 August 1994

	Note	31 August 1994		31 December 1993	
		£	£	£	£
Fixed assets					
Tangible assets	*10*		**75,116**		85,378
Current assets					
Debtors	*11*	**832,561**		797,744	
Cash at bank and in hand		**68,250**		1,552	
		900,811		799,296	
Creditors: amounts falling due within one year	*12*	**(725,154)**		(666,974)	
Net current assets			**175,657**		132,322
Net assets			**250,773**		217,700
Capital and reserves					
Called up share capital	*14*		**100**		100
Profit and loss account			**250,673**		217,600
Shareholders' funds: Equity			**250,773**		217,700

These financial statements were approved by the board of directors on 27 January 1995 and were signed on its behalf by:

NL Constantine
Director

Wingate & Johnston Limited

Reconciliation of movement in shareholders' funds

for the 8 month period ended 31 August 1994

	8 month period ended 31 August 1994 £	Year ended 31 December 1993 £
Profit for the financial year	33,073	111,656
Dividend	-	(100,000)
Net increase in shareholders' funds	33,073	11,656
Opening shareholders' funds	217,700	206,044
Closing shareholders' funds	250,773	217,700

Wingate & Johnston Limited

Notes
(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by instalments over their estimated useful economic lives as follows:

Furniture and fittings	-	12½% per annum on cost
Office equipment	-	20% - 25% per annum on cost
Motor vehicles	-	25% per annum reducing balance
Trailers	-	12½% per annum on cost
Computer equipment	-	33.33% per annum on cost

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension costs

The provisions of Statement of Standard Accounting Practice 24, "Accounting for pension costs" have been applied. The expected cost of pensions in respect of the defined benefit pension scheme in which the company participates is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme. The difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset of liability in the balance sheet.

1 **Accounting policies** *(continued)*

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

2 **Analysis of turnover**

	8 month period ended 31 August 1994	Year ended 31 December 1993
	£	£
Turnover - by geographical market		
United Kingdom		
Group	-	16,169
External	469,179	820,531
Overseas	741,467	1,288,882
	1,210,646	2,125,582

3 **Profit on ordinary activities before taxation**

	8 month period ended 31 August 1994	Year ended 31 December 1993
	£	£
Profit on ordinary activities before taxation is stated		
after charging		
Auditors' remuneration:		
Audit	6,500	6,500
Other services	500	500
Depreciation and other amounts written off tangible fixed assets:		
Owned	8,415	19,526
Leased	2,413	2,715

4 Remuneration of directors

	8 month period ended 31 August 1994 £	Year ended 31 December 1993 £
Directors' emoluments:		
As directors	**36,854**	58,058

The emoluments, excluding pension contributions, of the chairman were £Nil *(1993: £Nil)* and those of the highest paid director were £34,090 *(1993: £54,058)*.

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

			Number of directors: 8 month period ended 31 August 1994	Year ended 31 December 1993
£0	-	£ 5,000	**4**	5
£30,001	-	£35,000	**1**	-
£50,001	-	55,000	**-**	1

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees: 8 month period ended 31 August 1994	Year ended 31 December 1993
Management and administration	**17**	18

Notes *(continued)*

5 **Staff numbers and costs** *(continued)*

The aggregate payroll costs of these persons were as follows:

	8 month period ended 31 August 1994 £	Year ended 31 December 1993 £
Wages and salaries	166,994	281,125
Social security costs	15,410	22,279
Other pension costs *(note 16)*	9,582	15,402
Staff welfare and other personnel costs	2,238	4,268
	194,224	323,074

6 **Interest receivable and similar income**

	8 month period ended 31 August 1994 £	Year ended 31 December 1993 £
Receivable from group undertakings	-	5,612
Other	1,983	2,880
	1,983	8,492

7 **Interest payable and similar charges**

	8 month period ended 31 August 1994 £	Year ended 31 December 1993 £
On bank loans, overdrafts and other loans wholly repayable within five years	4,259	1,971
Finance charges payable in respect of finance leases and hire purchase contracts	904	946
	5,163	2,917

Of the above amount £4,111 *(1993: £371)* was payable to group undertakings.

Notes *(continued)*

8 Taxation

	8 month period ended 31 August 1994 £	Year ended 31 December 1993 £
Taxation on the profit for the year on ordinary activities		
Group relief payable	**15,556**	-
UK corporation tax at 33% *(1993:33%)*	-	37,400
Deferred taxation *(note 13)*	**818**	(2,447)
	16,374	34,953

9 Dividends

	8 month period ended 31 August 1994 £	Year ended 31 December 1993 £
Ordinary shares:		
Final proposed	-	100,000

Notes *(continued)*

10 **Tangible fixed assets**

	Furniture fittings and office equipment	Motor vehicles and trailers	Total
	£	£	£
Cost			
At beginning of period	110,327	199,911	310,238
Additions	566	-	566
At end of period	110,893	199,911	310,804
Depreciation and diminution in value			
At beginning of period	77,750	147,110	224,860
Charge for period	3,409	7,419	10,828
At end of period	81,159	154,529	235,688
Net book value			
At 31 August 1994	**29,734**	**45,382**	**75,116**
At 31 December 1993	32,577	52,801	85,378

Included in the total net book value of furniture, fittings and office equipment is £23,831 *(1993: £26,244)* in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £2,413 *(1993: £2,715)*.

Notes *(continued)*

11 **Debtors**

	31 August 1994 Due within one year £	31 December 1993 Due within one year £
Trade debtors	**432,490**	536,011
Amounts owed by group undertakings	**345,436**	190,009
Other debtors	**5,622**	21,595
Prepayments and accrued income	**21,666**	21,964
Deferred tax asset *(note 13)*	**17,347**	18,165
Advance corporation tax recoverable	**10,000**	10,000
	832,561	797,744

The amounts owed by group undertakings relate to parent and fellow subsidiary undertakings.

12 **Creditors: amounts falling due within one year**

	31 August 1994 £	31 December 1993 £
Bank loans and overdrafts	**-**	16,754
Trade creditors	**163,602**	221,604
Amounts owed to group undertakings	**326,800**	76,981
Group relief payable	**99,372**	83,816
Accruals and deferred income	**79,591**	107,722
Corporation tax	**35,085**	37,400
Advance corporation tax payable	**-**	-
Obligations under finance leases and hire purchase contracts	**15,434**	22,697
Dividends payable	**-**	100,000
Other creditors	**5,270**	-
	725,154	666,974

The amounts owed to group undertakings relate to parent and fellow subsidiary undertakings.

Notes *(continued)*

13 Provisions for liabilities and charges

The amounts provided for deferred taxation are set out below:

(Asset)/liability	31 August 1994 Provided £	31 December 1993 Provided £
Pension accrual	(17,347)	(18,215)
Other timing differences	-	50
	(17,347)	(18,165)

14 Called up share capital

	31 August 1994 £	31 December 1993 £
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each	100	100

15 Commitments

Capital commitments at the end of the financial year for which no provision has been made.

	31 August 1994 £	31 December 1993 £
Authorised but not contracted	17,000	35,000

Notes *(continued)*

16 **Pension scheme**

The company participates in one of the Group's UK defined benefit pension schemes. With effect from 1 July 1993, another of the Group's UK defined benefit pension schemes was merged with the pension scheme in which the company participates. The scheme provides benefits based on final pensionable salary.

The liabilities of the combined scheme are secured by assets which are held in funds administered by trustees and which are separate from the finances of the Group. The contributions are based on pension costs as a whole across the participating companies and are determined by a qualified actuary on the basis of triennial valuations. The actuarial valuations prepared as at 1 July 1992 are the most recent valuations of the schemes and details are disclosed in the accounts of Constantine Holdings Limited.

A provision of £52,566 *(1993: £55,194)* is included in creditors, representing the excess of the accumulated pension cost over contributions paid to the scheme.

17 **Ultimate parent company**

The immediate parent company is Evan Cook Wingate Limited and the ultimate parent company is Constantine Holdings Limited. Both companies are registered in England and Wales.