

Registered No. 1534130

Nippon Express (U.K.) Limited

Report and Financial Statements

31 December 2015

THURSDAY



L52XASBT

LD2

17/03/2016

#38

COMPANIES HOUSE

Corporate Information

Director

H Kawamichi

Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Bank of Tokyo-Mitsubishi UFJ Limited
Barclays Bank Plc
Mizuho Corporate Bank Limited
Sumitomo Mitsui Trust Bank Limited

Solicitors

Maclay Murray & Spens LLP
Morgan Lewis & Bockius LLP
Penningtons Solicitors LLP
Thring Townsend Lee & Pembertons
TLT Solicitors

Registered Office

Heathrow 360
2 Millington Road
Hayes
Middlesex UB3 4AZ

Registered No. 1534130

Strategic report

The Director presents his strategic report for the year ended 31st December 2015.

Review of the business and key performance indicators

The Group's continued sales efforts resulted in a increase in turnover during the year which resulted in an increase in gross profit and operating profit. The Group's key performance indicator of profit before tax increased from £347,755 in 2014 to £999,811 which was partly due to a reduction in the losses of the Irish subsidiary. Operating profit increased from a profit of £381,541 in 2014 to a profit of £1,085,130 in 2015.

The Irish subsidiary's result changed from an operating loss of €322,056 to an operating profit of €40,228 which was due to an increase in turnover, an improvement in rates and a reduction in costs.

The Group continues to develop its sales team to gain new customers and obtain more business from existing customers.

Principal risks and uncertainties

Economic risk

The economic situation is expected to remain difficult in the coming year. Price pressure from customers continues to give cause for concern.

Liquidity risk

The group and company has sufficient liquid resources to meet the operating needs of the business.

Credit risk

Customers receiving credit are first subject to credit checks and collection of outstanding debts is carefully monitored.

Currency risk

Currency risk is mitigated by the netting off of intergroup balances in the same currency.

Going concern

The group and company have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus we continue to adopt the going concern basis of accounting in preparing the annual financial statements.

On behalf of the Board of Directors



H. Kawamichi

Director

Date: 11/3/16

Director's report

The director presents his report and financial statements for the year ended 31 December 2015.

Principal activity

The group's principal activity during the year was the provision of freight forwarding services.

Director

The directors who served the company during the year were as follows:

K. Noda resigned 6th May 2015,

H. Kawamichi appointed 6th May 2015

Dividends

A dividend of €280,000 was paid during the year (2014 €Nil). The director recommends the payment of a final dividend of €566,000 for 2015 (2014- €280,000).

Future developments

The Director intends to maintain the management policies which have resulted in the increase in operating profit. The company will continue to invest in sales resources and to improve operating procedures.

Disabled employees

The company and its subsidiaries give full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work for employees who become disabled to promote their career development within the organisation.

Employee involvement

The group recognises the importance of good communications in relationships with its staff. The ultimate parent undertaking produces regular communications on the performance and development of activities of the worldwide Nippon Express Group, which seeks to achieve common awareness on the part of all employees of the financial and economic circumstances affecting the group's performance. These are available to all employees.

Policy and practice on payment of creditors

It is the group and company policy that payments are made in accordance with those terms and conditions agreed between the company and its supplier, provided that all trading terms and conditions have been complied with.

At 31 December 2015, the Nippon Express (UK) Limited group had an average of 58 days (2014 – 55 days) purchases outstanding in trade creditors and for the company 47 days (2014 – 51 days).

Pension fund

Full details of the group's pension schemes are set out in note 19. The Nippon Express (U.K.) Limited final salary pension scheme was open to all qualifying permanent full-time and part-time employees of Nippon Express (U.K.) Limited up to 31 March 2003, and from that date the final salary scheme was closed to new entrants. The scheme was closed on 1 October 2009 to future accrual. A new defined contribution benefit scheme has replaced all the final salary arrangements for current and future employees.

Director's report (continued)


Disclosure of information to the auditor

So far as the director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of the group's auditor, the director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

On behalf of the Board of Directors



H Kawamichi

Director

Date: 11/3/16

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

to the members of Nippon Express (U.K.) Limited

We have audited the financial statements of Nippon Express (U.K.) Limited for the year ended 31 December 2015 which comprise the Group and Parent Company Income Statement, the Group and Parent Company Statement of Financial Position, the Group Cash Flow Statement, the Group and Parent Company Statement of Comprehensive Income, the Group and Parent Company Statement of Changes in Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland").

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of director's responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's and company's profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT (continued)

to the members of Nippon Express (U.K.) Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ▶ adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the parent company financial statements are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of directors' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit.



Mohan Pandian (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: **15 MAR 2016**

Group income statement

for the year ended 31 December 2015

	Notes	2015 £	2014 £
Turnover	2	111,359,222	92,747,822
Cost of sales		(86,884,410)	(70,241,636)
Gross Profit		<u>24,474,812</u>	<u>22,506,186</u>
Operating Profit	3	1,085,130	381,541
Interest receivable and similar income		43,386	70,603
Interest payable and similar charges	6	(10)	(16)
Other finance costs	7	(128,695)	(104,373)
Profit on ordinary activities before taxation		<u>999,811</u>	<u>347,755</u>
Tax	8	(300,786)	(198,569)
Profit for the financial year		<u><u>699,025</u></u>	<u><u>149,186</u></u>

All amounts relate to continuing activities.

Group statement of comprehensive income

for the year ended 31 December 2015

	Notes	2015 £	2014 £
Profit for financial year		699,025	149,186
Currency translation differences on foreign currency net investments		(113,418)	(171,438)
Actuarial gain/(loss) recognised on defined benefit pension scheme	19	255,000	(1,257,000)
Movement on deferred tax relating to pension liability		(45,900)	251,400
Total comprehensive income/(loss) for the year		<u><u>794,707</u></u>	<u><u>(1,027,852)</u></u>

Company income statement

for the year ended 31 December 2015

	Notes	2015 £	2014 £
Turnover	2	96,790,688	85,164,171
Cost of sales		(74,000,777)	(64,407,965)
Gross Profit		22,789,911	20,756,206
Operating expenses:			
Distribution costs		(12,419,670)	(11,133,352)
Administrative expenses		(9,314,342)	(8,981,778)
Operating Profit		1,055,899	641,076
Interest receivable and similar income		37,884	54,128
Interest payable and similar charges	6	(10)	(16)
Other finance costs	7	(128,695)	(104,373)
Profit on ordinary activities before taxation		965,078	590,815
Tax	8	(298,636)	(190,308)
Profit for the financial year		666,442	400,507

All amounts relate to continuing activities.

Company statement of comprehensive income

for the year ended 31 December 2015

	Notes	2015 £	2014 £
Profit for financial year		666,442	400,507
Actuarial gain/(loss) on defined benefit pension scheme	19	255,000	(1,257,000)
Movement on deferred tax relating to pension liability		(45,900)	251,400
Total comprehensive income(loss) for the year		875,542	(605,093)

Group statement of changes in equity

for the year ended 31 December 2015

	<i>Called up share capital</i>	<i>Currency translation differences</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£	£
At 1 st January 2014	2,850,000	542,184	6,921,032	10,313,216
Profit for the year	-	-	149,186	149,186
Other comprehensive (loss)	-	(171,438)	(1,005,600)	(1,177,038)
Total comprehensive (loss) for the year	-	(171,438)	(856,414)	(1,027,852)
At 31 st December 2014	2,850,000	370,746	6,064,618	9,285,364
Profit for the year	-	-	699,025	699,025
Other comprehensive income/(loss)	-	(113,418)	209,100	95,682
Total comprehensive income/(loss) for the year	-	(113,418)	908,125	794,707
Equity dividends paid (note 9)	-	-	(202,575)	(202,575)
At 31 st December 2015	2,850,000	257,328	6,770,168	9,877,496

Company statement of changes in equity

for the year ended 31 December 2015

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£
At 1 st January 2014	2,850,000	4,796,786	7,646,786
Profit for the year	-	400,507	400,507
Other comprehensive (loss)	-	(1,005,600)	(1,005,600)
Total comprehensive (loss) for the year	-	(605,093)	(605,093)
At 31 st December 2014	2,850,000	4,191,693	7,041,693
Profit for the year	-	666,442	666,442
Other comprehensive income/(loss)	-	209,100	209,100
Total comprehensive income for the year	-	875,542	875,542
Equity dividends paid (note 9)	-	(202,575)	(202,575)
At 31 st December 2015	2,850,000	4,864,660	7,714,660

Group statement of financial position

at 31 December 2015

	Notes	2015 £	2014 £
Fixed assets			
Intangible fixed assets	10	8,692	-
Tangible fixed assets	11	2,884,259	2,749,340
		<u>2,892,951</u>	<u>2,749,340</u>
Current assets			
Debtors	13	15,091,184	14,101,947
Cash at bank and in hand		10,523,471	9,221,118
		<u>25,614,655</u>	<u>23,323,065</u>
Creditors: amounts falling due within one year	14	<u>(13,977,543)</u>	<u>(11,894,117)</u>
Net current assets		<u>11,637,112</u>	<u>11,428,948</u>
Total assets less current liabilities		<u>14,530,063</u>	<u>14,178,288</u>
Provisions for liabilities	15	<u>(1,608,567)</u>	<u>(1,535,924)</u>
Net assets excluding pension liability		<u>12,921,496</u>	<u>12,642,364</u>
Pension liability	19	<u>(3,044,000)</u>	<u>(3,357,000)</u>
Net assets including pension liability		<u>9,877,496</u>	<u>9,285,364</u>
Capital and reserves			
Called up share capital	16	2,850,000	2,850,000
Profit and loss account		6,770,168	6,064,618
Other reserves		257,328	370,746
Shareholders' funds		<u>9,877,496</u>	<u>9,285,364</u>

The financial statements were approved by:



H. Kawamichi

Director

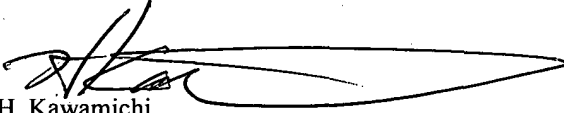
Date: 11/3/16

Company statement of financial position

at 31 December 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible fixed assets	11	2,876,476	2,735,210
Investments	12	22,951	22,951
		<u>2,899,427</u>	<u>2,758,161</u>
Current assets			
Debtors	13	11,790,220	11,375,043
Cash at bank and in hand		9,179,175	7,388,998
		<u>20,969,395</u>	<u>18,764,041</u>
Creditors: amounts falling due within one year	14	<u>(11,581,330)</u>	<u>(9,654,033)</u>
Net current assets		<u>9,388,065</u>	<u>9,110,008</u>
Total assets less current liabilities		<u>12,287,492</u>	<u>11,868,169</u>
Provisions for liabilities	15	<u>(1,528,832)</u>	<u>(1,469,476)</u>
Net assets excluding pension liabilities		<u>10,758,660</u>	<u>10,398,693</u>
Pension liability	19	<u>(3,044,000)</u>	<u>(3,357,000)</u>
Net assets including pension liabilities		<u>7,714,660</u>	<u>7,041,693</u>
Capital and reserves			
Called up share capital	16	2,850,000	2,850,000
Profit and loss account		<u>4,864,660</u>	<u>4,191,693</u>
Shareholders' funds		<u>7,714,660</u>	<u>7,041,693</u>

The financial statements were approved by:


H. Kawamichi

Director

Date: 11/3/16

Group statement of cash flows

for the year ended 31 December 2015

	Notes	2015 £	2014 £
Net cash inflow from operating activities	17 (a)	2,614,038	140,050
Investing activities			
Interest received		53,927	72,375
Payments to acquire intangible fixed assets		(9,151)	-
Payments to acquire tangible fixed assets		(1,068,476)	(455,551)
Receipts from sale of tangible fixed assets		11,507	45,383
Net cash flow from investing activities		(1,012,193)	(337,793)
Financing activities			
Equity dividends paid	9	(202,575)	-
Interest paid		(10)	(16)
Net cash flow from financing activities		(202,585)	(16)
Increase/(decrease) in cash equivalents		1,399,260	(197,759)
Effect of exchange rates on cash and cash equivalents		(96,907)	(141,718)
Cash and cash equivalents at 1 January		9,221,118	9,560,595
Cash and cash equivalents at 31 December	17 (b)	10,523,471	9,221,118

Notes to the financial statements

at 31 December 2015

1. Accounting policies

Statement of compliance

Nippon Express (UK) Limited is a limited liability company incorporated in England. The Registered Office is Heathrow 360, 2 Millington Road, Hayes, Middlesex UB3 4AZ. The Group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the year ended 31 December 2015.

Basis of preparation

The Group transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FR S102 has affected the reported financial position and financial performance is given in note 24.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ending 31 December 2015.

The company has taken advantage of the following disclosure exemptions under FRS102:

- (a) the requirements of Section 4 - Statement of Financial Position, paragraph 4.12 (a) (iv);
- (b) the requirements of Section 7 – statement of Cash Flows and Section 3 - Financial Statement Presentation, paragraph 3.17(d);
- (c) the requirements of Section 11 – Basic Financial Instruments, paragraphs 11.39 to 11.48A and Section 12 Other Financial instruments, paragraphs 12.26 to 12.29;
- (d) the requirements of Section 26 – Share Based payment, paragraph 26.18(b), 26.19 to 26.21 and 26.23;
- (e) the requirements of section 33 – Related Party Disclosures, paragraph 33.7.

Basis of consolidation

The group financial statements consolidate the financial statements of Nippon Express (U.K.) Limited and its subsidiary undertaking drawn up to 31 December each year. These financial statements have been consolidated using acquisition accounting

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

(a) Pension benefits.

The cost of the defined benefit pension scheme is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Management obtains the advice of professional advisers to ensure the assumptions are reasonable. Further details are given in note 19.

(b) Deferred taxation.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits. Further details are contained in note 8.

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

Intangible fixed assets

Depreciation is provided on fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful economic life, as follows.

Software	–	5 years
----------	---	---------

Tangible fixed assets

Depreciation is provided on fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful economic life, as follows.

Long leasehold property	–	25 years
Plant and machinery	–	4 to 5 years
Motor vehicles	–	4 to 5 years
Forklifts	–	4 to 5 years
Leasehold improvements	–	over the period of the lease

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Provisions

Where improvements have been made to leased premises the cost capitalised includes the cost of removal of the improvements to return the leased premises to its original condition at the start of the lease. The cost of removal of the improvements is written off on the same basis as the asset to which it relates, which will be over the period of the lease.

Investments

Fixed asset investments are stated at cost less impairment in value.

The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Revenue recognition

Revenue is recognised at the point of delivery for domestic deliveries and imports, or for exports at the point where freight leaves the port.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiary only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

Deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Under previous UK GAAP the deferred tax on the pension liability was netted against pension liability in the balance sheet. Under FRS102 this deferred tax is now included in the deferred tax debtor.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

The financial statements of the foreign subsidiary are translated into sterling at the closing rates of exchange and the difference arising from the translation of the opening net investment in the subsidiary at the closing rates is recognised in the statement of comprehensive income.

Operating leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

Pensions

The company operates both a defined contribution scheme and a defined benefit scheme. The defined benefit scheme was closed to new members on 31 March 2003.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Actuarial gains and losses, representing differences between the interest income and actual return on scheme assets, differences between the actuarial assumptions underlying the scheme liabilities and actual experience during the year, and changes in actuarial assumptions, are recognised in the statement of comprehensive income.

The defined contribution scheme contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover represents the total amount invoiced for services rendered, including customs duty and value added tax paid on behalf of customers. Analyses of turnover by class of business and geographical location are as follows:

	2015	2014
<i>Group</i>	£	£
<i>Class of business</i>		
Freight forwarding	<u>111,359,222</u>	<u>92,747,822</u>
<i>Geographical location</i>		
Europe	94,644,214	70,760,474
Rest of the world	16,715,008	21,987,348
	<u>111,359,222</u>	<u>92,747,822</u>
	2015	2014
<i>Company</i>	£	£
<i>Class of business</i>		
Freight forwarding	<u>96,790,688</u>	<u>85,164,171</u>
<i>Geographical location</i>		
Europe	82,969,207	68,938,628
Rest of the world	13,821,481	16,225,543
	<u>96,790,688</u>	<u>85,164,171</u>

Notes to the financial statements

at 31 December 2015

3. Operating Profit

	2015	2014
	£	£
Group		
Turnover	111,359,222	92,747,822
Cost of sales	(86,884,410)	(70,241,636)
Gross profit	24,474,812	22,506,186
Distribution costs	(13,446,335)	(12,482,856)
Administrative expenses	(9,943,347)	(9,641,789)
	<u>1,085,130</u>	<u>381,541</u>

This is stated after charging/(crediting):

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Auditor remuneration – Audit of the financial statements	87,510	74,850	87,510	74,850
Other fees to auditors – local statutory audit of subsidiary	19,634	20,196	-	-
– taxation services	22,307	22,524	17,040	17,040
– other services	30,000	-	30,000	-
Depreciation and other amounts written off intangible fixed assets	452	-	-	-
Depreciation and other amounts written off tangible fixed assets	932,759	727,956	927,210	722,050
Operating lease rentals				
– plant and machinery	20,649	11,410	20,649	11,410
– land and buildings	1,641,214	1,767,055	1,694,177	1,708,467
Profit on disposal of tangible fixed assets	(11,507)	(26,009)	(11,507)	(6,507)
Foreign exchange gains	<u>(162,331)</u>	<u>(172,638)</u>	<u>(104,478)</u>	<u>(110,619)</u>

4. Director's remuneration

	Group and Company	
	2015	2014
	£	£
Director's remuneration	<u>170,511</u>	<u>161,081</u>

The director is not a member of the defined benefit pension scheme (note 19). No pension contributions were made for the director (2014 nil).

	Group and Company	
	2015	2014
	£	£
Highest paid director's remuneration:		
Aggregate of remunerations	<u>110,389</u>	<u>161,081</u>

Notes to the financial statements

at 31 December 2015

5. Staff costs

Staff costs incurred during the year in respect of these employees (including the director) were:

	<i>Group</i>		<i>Company</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	£	£	£	£
Wages and salaries	9,227,467	8,746,556	8,700,294	8,140,387
Social security costs	857,220	834,069	804,063	780,754
Other pension costs	297,178	364,011	273,671	326,790
	<u>10,381,865</u>	<u>9,944,636</u>	<u>9,778,028</u>	<u>9,247,931</u>

The average monthly number of employees was:

	<i>Group</i>		<i>Company</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	No.	No.	No.	No.
Office and management	161	169	150	159
Distribution	112	121	107	115
	<u>273</u>	<u>290</u>	<u>257</u>	<u>274</u>

6. Interest payable and similar charges

	<i>Group</i>		<i>Company</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	£	£	£	£
Other interest payable	10	16	10	16
	<u>10</u>	<u>16</u>	<u>10</u>	<u>16</u>

7. Other finance costs

	<i>Group and Company</i>	
	<i>2015</i>	<i>2014</i>
	£	£
Interest on net defined benefit pension liability	124,000	99,000
Discounting on provisions	4,695	5,373
	<u>128,695</u>	<u>104,373</u>

Notes to the financial statements

at 31 December 2015

8. Tax

(a) Tax on profit on ordinary activities. The tax charge is made up as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Current tax:				
UK corporation tax on the profits for the year	111,007	11,634	111,007	11,634
Adjustment in respect of previous periods	-	(351)	-	(351)
	111,007	11,283	111,007	11,283
Current year foreign tax	3,970	3,119	-	-
Total current tax	114,977	14,402	111,007	11,283
Deferred tax:				
Origination and reversal of timing differences	124,595	168,803	126,415	163,661
Adjustment in respect of previous periods	(6,597)	26,742	(6,597)	26,742
Effect of changes in tax rates	67,811	(11,378)	67,811	(11,378)
Total deferred tax charge	185,809	184,167	187,629	179,025
Total tax per income statement (note 8(b))	300,786	198,569	298,636	190,308
Equity items				
Deferred tax current year charge/(credit)	45,900	(251,400)	45,900	(251,400)

(b) Factors affecting the current tax charge for the year. The tax charge for the year differs from the standard rate of corporation tax in the UK of 20.25% (2014 – 21.49%). The differences are explained below:

	<i>Group</i>		<i>Company</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Profit on ordinary activities before tax	999,811	347,755	965,078	590,815
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 – 21.49%)	202,429	74,751	195,395	126,985
<i>Effects of:</i>				
Expenses not deductible for tax purposes	42,132	48,582	42,028	48,310
Adjustments in respect of prior years	(6,597)	26,391	(6,597)	26,391
Tax rate changes	67,810	(11,378)	67,810	(11,378)
Movement on balances on which no deferred tax is recognised	(5,254)	33,583	-	-
Foreign tax on medical premiums	2,595	3,120	-	-
Difference in rates of foreign tax on overseas income	(2,692)	21,851	-	-
Higher rate on passive income	688	2,059	-	-
Deductions allowable	(325)	(390)	-	-
Tax charge for the period (note 8(a))	300,786	198,569	298,636	190,308
Income tax reported in the income statement	300,786		298,636	

Notes to the financial statements

at 31 December 2015

8. Tax (continued)

c) Deferred tax

	<i>Group</i>		<i>Company</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	£	£	£	£
Deferred tax asset as at 1 January 2015	(807,781)	(740,770)	(806,991)	(734,616)
Foreign exchange translation difference	14	222		
Adjustment in respect of prior years	(6,597)	26,742	(6,597)	26,742
Deferred tax charge to income statement for the period	192,406	157,425	194,226	152,283
Deferred tax charge in equity for the period	45,900	(251,400)	45,900	(251,400)
Provision at end of period	<u>(576,058)</u>	<u>(807,781)</u>	<u>(573,462)</u>	<u>(806,991)</u>

	<i>Group</i>		<i>Company</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	£	£	£	£
Analysis of deferred tax asset recognised:				
Fixed asset timing differences	(19,897)	(92,675)	(17,301)	(91,885)
Short term timing differences	(556,161)	(671,396)	(556,161)	(671,396)
GAAP differences	-	(43,710)	-	(43,710)
	<u>(576,058)</u>	<u>(807,781)</u>	<u>(573,462)</u>	<u>(806,991)</u>

	<i>Group</i>		<i>Company</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	£	£	£	£
Deferred tax not recognised:				
Trading losses	-	-	-	-
Capital losses	(555,804)	(617,560)	(555,804)	(617,560)
	<u>(555,804)</u>	<u>(617,560)</u>	<u>(555,804)</u>	<u>(617,560)</u>

The above losses are not recognised as there is insufficient certainty regarding their recovery.

9. Dividends

	<i>Group and Company</i>	
	<i>2015</i>	<i>2014</i>
	£	£
Dividend paid:		
Per ordinary share 7.11p (2014 – Nil)	<u>202,575</u>	<u>-</u>
	€	€
Final dividend for 2015 19.86c – (2014 – 9.82c) per ordinary share	<u>566,000</u>	<u>280,000</u>

Notes to the financial statements

at 31 December 2015

10 Intangible fixed assets

	Group	Company
<i>Group</i>	£	£
Cost:		
At 1 January 2015	-	-
Foreign exchange translation differences		-
Additions	9,151	-
Disposals	-	-
At 31 December 2015	<u>9,151</u>	<u>-</u>
Accumulated depreciation:		
At 1 January 2015	-	-
Foreign exchange translation differences	7	-
Charge for the year	452	-
Disposals	-	-
At 31 December 2015	<u>459</u>	<u>-</u>
Net book value:		
At 31 December 2015	<u>8,692</u>	<u>-</u>
At 1 January 2015	<u>-</u>	<u>-</u>

Notes to the financial statements

at 31 December 2015

11 Tangible fixed assets

<i>Group</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Leasehold improvements</i>	<i>Forklifts</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 January 2015	1,104,124	2,384,299	3,387,677	1,032,053	7,908,153
Foreign exchange translation differences	(2,312)	(1,784)	-	(2,228)	(6,324)
Additions	428,522	232,707	124,137	283,110	1,068,476
Disposals	(58,509)	(118,372)	-	(127,878)	(304,759)
At 31 December 2015	1,471,825	2,496,850	3,511,814	1,185,057	8,665,546
Accumulated depreciation:					
At 1 January 2015	891,398	1,715,797	1,821,548	730,070	5,158,813
Foreign exchange translation differences	(1,600)	(1,698)	-	(2,228)	(5,526)
Charge for the year	133,844	380,423	282,654	135,838	932,759
Disposals	(58,509)	(118,372)	-	(127,878)	(304,759)
At 31 December 2015	965,133	1,976,150	2,104,202	735,802	5,781,287
Net book value:					
At 31 December 2015	506,692	520,700	1,407,612	449,255	2,884,259
At 1 January 2015	212,726	668,502	1,566,129	301,983	2,749,340

Notes to the financial statements

at 31 December 2015

11. Tangible fixed assets (continued)

	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Leasehold improvements</i>	<i>Forklifts</i>	<i>Total</i>
	£	£	£	£	£
<i>Company</i>					
Cost:					
At 1 January 2015	1,058,123	2,348,804	3,387,677	987,723	7,782,327
Additions	428,522	232,707	124,137	283,110	1,068,476
Disposals	(58,509)	(118,372)	-	(127,878)	(304,759)
At 31 December 2015	1,428,136	2,463,139	3,511,814	1,142,955	8,546,044
Accumulated depreciation:					
At 1 January 2015	857,373	1,681,879	1,821,548	686,316	5,047,116
Charge for the year	128,737	379,981	282,654	135,838	927,210
Disposals	(58,508)	(118,372)	-	(127,878)	(304,758)
At 31 December 2015	927,602	1,943,488	2,104,202	694,276	5,669,568
Net book value:					
At 31 December 2015	500,534	519,651	1,407,612	448,679	2,876,476
At 1 January 2015	200,750	666,925	1,566,129	301,407	2,735,211

12. Investments

	<i>Group</i>		<i>Company</i>	
	2015	2014	2015	2014
	£	£	£	£
Shares in subsidiary undertaking	-	-	22,951	22,951
	-	-	22,951	22,951

The subsidiary of the company at 31 December 2015 was as follows:

<i>Direct</i>	<i>Proportion of ordinary shares and voting rights</i>	<i>Principal activity</i>	<i>Country of in- corporation and operation</i>
Nippon Express (Ireland) Limited	100%	Freight forwarder	Republic of Ireland

Notes to the financial statements

at 31 December 2015

13. Debtors

	<i>Group</i>		<i>Company</i>	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	10,215,497	7,524,438	7,218,885	6,387,373
Amounts owed by the ultimate parent undertaking	1,331,820	1,875,348	1,169,832	1,406,019
Amounts owed by the parent undertaking	285,176	230,580	233,775	230,580
Amounts owed by fellow subsidiary undertakings	1,111,217	1,102,126	962,145	995,724
Amounts owed by subsidiary	-	-	174,768	339,424
Amounts owed by associate	18,521	29,399	16,503	27,326
Value added tax recoverable	290,744	318,774	259,810	282,533
Deferred tax asset (note 8(c))	576,058	807,781	573,462	806,991
Prepayments and accrued income	1,260,557	2,209,051	1,181,040	899,073
Corporation tax recoverable	1,594	4,450	-	-
	<u>15,091,184</u>	<u>14,101,947</u>	<u>11,790,220</u>	<u>11,375,043</u>

14. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2015	2014	2015	2014
	£	£	£	£
Trade creditors	8,395,773	7,118,131	7,977,832	6,815,730
Amounts owed to the ultimate parent undertaking	951,309	558,398	861,728	558,398
Amounts owed to parent undertaking	120,949	115,678	106,608	108,950
Amounts owed to fellow subsidiary undertakings	3,175,411	3,087,583	1,341,835	1,213,975
Amounts owed to subsidiary	-	-	20,241	11,042
Amounts owed to associate	63,883	48,213	58,035	48,213
Corporation tax payable	105,007	11,634	105,007	11,634
Other taxes and social security costs	294,508	268,469	278,865	255,079
Accruals and deferred income	870,703	686,011	831,179	631,012
	<u>13,977,543</u>	<u>11,894,117</u>	<u>11,581,330</u>	<u>9,654,033</u>

Notes to the financial statements

at 31 December 2015

15. Provisions for liabilities

<i>Group</i>	<i>£</i>
At 1 January 2015	1,535,924
Exchange adjustment	(3,081)
Additional provision made in the year	121,543
Utilised in the period	(40,000)
Unused amounts reversed during the period	(10,514)
Discounting of provisions	4,695
At 31 December 2015	<u>1,608,567</u>

Provisions relate to dilapidation costs and costs of removal of fixed assets from leased premises. Where the effect of the time value of money is material the provision has been discounted to reflect the present value of the liability.

<i>Company</i>	<i>r</i> <i>£</i>
At 1 January 2015	1,469,476
Additional provision made in the year	105,175
Utilised in the period	(40,000)
Unused amounts reversed during the period	(10,514)
Discounting of provisions	4,695
At 31 December 2015	<u>1,528,832</u>

16. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>2015</i>		<i>2014</i>	
	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	2,850,000	<u>2,850,000</u>	2,850,000	<u>2,850,000</u>

Notes to the financial statements

at 31 December 2015

17. Notes to the statement of cash flows

(a) Reconciliation of profit and net cash inflow from operating activities

	2015 £	2014 £
Group profit for the year	1,085,130	381,541
Adjustments to reconcile profit for the year to net cash flow from operating activities		
Profit on disposal of fixed assets	(11,507)	(26,009)
Depreciation of intangible fixed assets	452	-
Depreciation of fixed assets	932,759	727,956
Increase in provisions	72,643	10,828
Discounting on provisions	(4,695)	(5,373)
Payment to pension fund	(182,000)	(182,000)
Working capital movements		
Increase in debtors	(1,250,063)	(2,730,249)
Increase in creditors	1,990,053	1,909,241
Taxation		
Corporation tax (paid)/refunded	(18,734)	54,115
	<u>1,528,908</u>	<u>(241,491)</u>
Net cash inflow/(outflow) from operating activities	<u>2,614,038</u>	<u>140,050</u>

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	At 31 December 2015 £	Group At 31 December 2014 £	At 31 December 2015 £	Company At 31 December 2014 £
Cash at bank and in hand	<u>10,523,471</u>	<u>9,221,118</u>	<u>9,179,175</u>	<u>7,388,998</u>

Notes to the financial statements

at 31 December 2015

18. Capital commitments

At 31 December 2015, the company and group had entered into financial or capital commitments of £7,862 (2014 – £597,900).

19. Pensions

The company currently operates defined benefit and defined contribution pension schemes for all qualifying employees. The defined benefit pension scheme was open to all qualifying permanent full-time and part-time employees of Nippon Express (U.K.) Limited up to 31 March 2003, and from that date the defined benefit scheme was closed to new entrants. The defined benefit scheme was closed on 1 October 2009 to future accrual. A new defined contribution benefit scheme has replaced all the defined benefit arrangements for current and future employees.

An actuarial valuation of the defined benefit scheme was carried out as at 30th June 2012, and revealed a funding shortfall of £1,161,000.

To eliminate the shortfall the trustee and the Company agreed additional contributions of £182,000 per annum over an eight year period, with the first being paid by 31st January 2013 and the last being paid by 31 January 2020. The company does not deem the obligation to meet this a principal risk or uncertainty.

The figures below have been based on a full actuarial valuation as at 30 June 2012, updated to the current year end by a qualified independent actuary.

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	2015	2014	2013
	% per annum	% per annum	% per annum
Inflation	3.2%	3.2%	3.6%
Salary increases	0.0%	0.0%	0.0%
Rate of discount	3.8%	3.6%	4.5%
Pension in payment increases	2.5%	2.5%	2.9%
Revaluation rate for deferred pensioners	2.5%	2.5%	2.9%

The position of the scheme as calculated under FRS 102 as at 31 December 2015 is as follows:

	2015	2014	2013
	£	£	£
Equities	5,704,000	5,856,000	4,753,000
Bonds	1,810,000	1,757,000	2,175,000
Strategic investment allocation fund	4,051,000	3,734,000	3,604,000
Cash	184,000	213,000	142,000
Property	-	-	503,000
Total market value of assets	11,749,000	11,560,000	11,177,000
Present value of scheme liabilities	(14,793,000)	(14,917,000)	(13,360,000)
Pension deficit	(3,044,000)	(3,357,000)	(2,183,000)

Notes to the financial statements

at 31 December 2015

19. Pensions (continued)

Reconciliation of opening and closing balances of present value of the scheme liabilities:

	2015	2014
	£	£
Scheme liabilities at 1 January	14,917,000	13,360,000
Interest cost	540,000	602,000
Actuarial losses	(334,000)	1,186,000
Benefits paid and expense	(330,000)	(231,000)
Scheme liabilities at 31 December	<u>14,793,000</u>	<u>14,917,000</u>

Reconciliation of opening and closing balances of the fair value of the scheme assets:

	2015	2014
	£	£
Fair value of scheme assets at 1 January	11,560,000	11,177,000
Interest income	416,000	503,000
Return on plan assets less interest income	(79,000)	(71,000)
Contributions by employer	182,000	182,000
Benefits paid and expenses	(330,000)	(231,000)
Fair value of scheme assets at 31 December	<u>11,749,000</u>	<u>11,560,000</u>

Actual return on scheme assets	<u>337,000</u>	<u>432,000</u>
--------------------------------	----------------	----------------

The following amounts have been debited to the profit and loss account:

	2015	2014
	£	£
Other finance charges:		
Net interest cost	<u>124,000</u>	<u>99,000</u>

Remeasurements recognised in Other Comprehensive Income

	2015	2014
	£	£
Return on plan assets less interest income	79,000	71,000
Experience gains and losses on scheme liabilities	144,000	(114,000)
Changes in assumptions underlying the present value of the scheme liabilities	(478,000)	1,300,000
(Gain)/loss recognised	<u>(255,000)</u>	<u>1,257,000</u>

Notes to the financial statements

at 31 December 2015

19. Pensions (continued)

Movement in deficit during the year

	2015	2014
	£	£
Deficit in scheme at 1 January	(3,357,000)	(2,183,000)
Movement in the year:		
– Net finance cost	(124,000)	(99,000)
– Contributions	182,000	182,000
– Actuarial gains/(losses)	255,000	(1,257,000)
Deficit in scheme at 31 December	<u>(3,044,000)</u>	<u>(3,357,000)</u>

The mortality assumptions adopted at 31 December 2015 imply the following life expectancies:

Male retiring at age 65 in 2015	23.7 years
Female retiring at age 65 in 2015	26.3 years

20. Other financial commitments

At 31 December 2015 future minimum rentals under non-cancellable operating leases are as set out below:

<i>Group</i>	2015		2014	
	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>
	£	£	£	£
Operating leases which expire:				
Within one year	26,021	12,289	7,561	6,053
In two to five years	1,319,226	1,777	1,013,521	5,429
Over five years	8,111,759	-	9,416,072	-
	<u>9,457,006</u>	<u>14,066</u>	<u>10,437,154</u>	<u>11,482</u>
<i>Company</i>				
Operating leases which expire:				
Within one year	13,300	12,289	7,561	6,053
In two to five years	1,319,226	1,777	954,367	5,429
Over five years	8,111,759	-	9,416,072	-
	<u>9,444,285</u>	<u>14,066</u>	<u>10,378,000</u>	<u>11,482</u>

Notes to the financial statements

at 31 December 2015

21. Related party transactions

The company has taken advantage of the exemption granted under FRS102 S 1.12 not to disclose related party transactions with Nippon Express Company Limited group companies.

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

			<i>Income from related party</i>	<i>Purchases from related party</i>	<i>Owed from related party</i>	<i>Owed to related party</i>
			£	£	£	£
NESH Nippon Express (Shanghai) Co Ltd	(1)	2015	40,157	254,452	18,521	63,883
NESH Nippon Express (Shanghai) Co Ltd	(1)	2014	60,761	170,046	29,399	48,213
NETH Nippon Express (Thailand) Co	(2)	2015	95,501	174,636	6,793	23,862
NETH Nippon Express (Thailand) Co	(2)	2014	111,689	182,199	7,089	22,817
NEIN Nippon Express (India) PVT Ltd	(2)	2015	210,699	47,195	38,693	7,560
NEIN Nippon Express (India) PVT Ltd	(2)	2014	263,431	50,116	152,847	30,685
NES Nippon Express Singapore	(2)	2015	90,767	161,179	11,722	18,351
NES Nippon Express Singapore	(2)	2014	117,326	150,502	24,223	28,111
NEVN Nippon Express (Vietnam) Co Ltd	(2)	2015	9,747	153,705	3,010	41,825
NEVN Nippon Express (Vietnam) Co Ltd	(2)	2014	11,811	52,650	2,355	21,849
NECN Nippon Express China	(2)	2015	923,946	9,159,805	303,321	1,843,321
NECN Nippon Express China	(2)	2014	715,541	4,376,840	100,441	1,976,456

Notes to the financial statements

at 31 December 2015

21. Related party transactions (continued)

			<i>Income from related party</i>	<i>Purchases from related party</i>	<i>Owed from related party</i>	<i>Owed to related party</i>
			£	£	£	£
NEM Nippon Express Malaysia	(2)	2015	97,278	539,890	3,478	11,506
NEM Nippon Express Malaysia	(2)	2014	138,606	604,193	27,802	129,719
NEPH Nippon Express Philippines	(2)	2015	117,773	214,087	18,290	40,784
NEPH Nippon Express Philippines	(2)	2014	71,220	84,347	13,359	29,714
NSLD Nittsu Sinotrans Log Dalian	(2)	2014	1,031	22,067	105	2,522
NEID PT Nippon Express Indonesia	(2)	2015	52,621	148,829	10,968	32,756
NEID PT Nippon Express Indonesia	(2)	2014	45,860	43,591	2,678	16,730
NLIL PT Nittsu Lemo Indonesia	(2)	2015	5,530	167,962	5,530	11,439
NLIL PT Nittsu Lemo Indonesia	(2)	2014	100	12,117	100	2,241

(1) Associate of the ultimate parent undertaking Nippon Express Co Limited. This is included in amounts owed by associate (note 13) and amounts owed to associate (note 14).

(2) Subsidiary of the ultimate parent undertaking Nippon Express Co Limited and not 100% owned by Nippon Express Co Limited. This is included in amounts owed by fellow subsidiary undertakings (note 13) and amounts owed to fellow subsidiary undertakings (note 14).

22. Contingent liabilities

There were contingent liabilities notified by the company's bankers at the balance sheet date which amounted to £800,000 (2014 :£800,000). This is in respect of indemnities given by the bank to HM Revenue and Customs to enable goods to be released before duty has been paid. This would only be payable if the company did not make the duty payment to HM Revenue and Customs at the required time and would be reimbursed when payment was made.

Notes to the financial statements

at 31 December 2015

23. Ultimate parent undertaking and controlling party

The company's immediate holding company is Nippon Express (Europe) GmbH.

The company's ultimate parent undertaking and controlling party is Nippon Express Company Limited, a company incorporated in Japan and which is the smallest and largest of such group undertakings of which the company is a member and for which group financial statements are prepared. Copies of its financial statements are available from 1-9-3, Higashi Shimbashi, Minato-ku, Tokyo, 105-8322, Japan

24. Transition to FRS 102

The group and company transitioned to FRS102 from previously extant UK GAAP as at 1 January 2014.

The impact from the transition to FRS102 is as follows:

Reconciliation of equity at 1 January 2014

	<i>Group</i> £	<i>Company</i> £
Equity Shareholders funds at 1 January 2014 under previous UK GAAP	10,480,478	7,814,048
Additional charge relating to depreciation on capitalisation of cost to remove fixed assets from current location	(259,064)	(259,064)
Adjustment to discount value of provisions	49,333	49,333
Deferred tax	42,469	42,469
	<u>10,313,216</u>	<u>7,646,786</u>

Reconciliation of equity at 31 December 2014

	<i>Group</i> £	<i>Company</i> £
Equity Shareholders funds at 31 December 2014 under previous UK GAAP	9,457,514	7,213,843
Additional charge relating depreciation on capitalisation of cost to remove fixed assets from current location	(259,813)	(259,813)
Adjustment to discount value of provisions	43,960	43,960
Deferred tax	43,703	43,703
	<u>9,285,364</u>	<u>7,041,693</u>

The following were changes in accounting policies arising from the transition to FRS102.

Depreciation on capitalisation of cost to remove fixed assets from current location

Under previous UK GAAP the group had not capitalised the cost for the removal of assets from their current location but under FRS 102 this cost has been capitalised. The change from the provision for the removal cost on the existing basis to capitalising the cost and depreciating has resulted in an extra cumulative charge to the profit and loss account of £259,064 for the group and company at 1st January 2014, and of £259,813 for the group and company at 31st December 2014.

The capitalisation of removal costs resulted in changes to the values of fixed asset cost, cumulative depreciation and the provisions. Fixed asset cost at 31st December 2014 for group and company increased by £1,170,874, and at 31st December 2015 for group and company by £1,191,409.

Notes to the financial statements

at 31 December 2015

24. Transition to FRS102 (continued)

Cumulative depreciation at 31st December 2014 for group and company increased by £602,300 , and at 31st December 2015 for group and company by £689,137.

Provisions at 31st December 2014 for group and company increased by £784,427 , and at 31st December 2015 for group and company by £702,567.

Adjustment to discount value of provisions

FRS102 requires that where the effect of time value of money is material, the amount of a provision shall be the present value of the amount required to settle the obligation. Therefore the amount of provisions held in the balance sheet has been amended to reflect the discounted value resulting in a decrease in provisions of £49,333 for the group and company at 1st January 2014, and by £43,960 for the group and company as at 31st December 2014.

Deferred tax

The deferred tax provision has been amended to reflect the changes on transition to FRS102.

Reconciliation of profit and loss for the year ended 31 December 2014

	<i>Group</i> £	<i>Company</i> £
Profit for the year ended 31 December 2014 under previous UK GAAP	325,274	576,595
Adjustment on capitalisation of costs to remove leasehold assets	(749)	(749)
Adjustment to net interest on net defined pension liability	(214,000)	(214,000)
Discounting of provision amount	(5,373)	(5,373)
Deferred tax	44,034	44,034
	<u>149,186</u>	<u>400,507</u>

The following were changes in accounting policies arising from the transition to FRS 102:

Depreciation on capitalisation of cost to remove fixed assets from current location

The capitalisation of cost to remove fixed assets resulted in an additional charge in respect of depreciation of £749 for the group and company for the year ended 31st December 2014.

Adjustment to net interest on net defined pension liability

Under previous UK GAAP, the interest on the expected return on plan assets was calculated using an expected asset rate. FRS102 requires that the net interest on the net defined benefit liability is calculated using the liability discount rate for the scheme. As such there was a decrease in profit of £214,000, for the group and company for the year ended December 2014, arising from this adjustment which was offset by a corresponding increase in other comprehensive income.

Adjustment to discount value of provisions

The charge of £5,373 for the group and company for the year ended December 2014 is in respect of the adjustment to the discounted value of the provision and is included in 'Other finance costs' (Note 7).

Notes to the financial statements

at 31 December 2015

24. Transition to FRS102 (continued)

Deferred tax

The deferred tax adjustment is in respect of the FRS102 adjustments.

Change in disclosure of deferred tax on pension liability

Under previous UK GAAP the pension liability was disclosed net of deferred tax in the balance sheet. Under FRS102 this deferred tax is included in the deferred tax debtor in debtors. The deferred tax relating to pensions was £671,400 for year ended December 2014 group and company, and £548,800 for the year ended December 2015 group and company.

Lease incentives

The group and company have not applied paragraphs 20.15A or 20.25A to lease incentives where the lease commenced before the date of transition to FRS102. It has continued to recognise any residual benefit or cost associated with these lease incentives on the same basis that applied prior to transition to FRS102.