

Registered No. 1534130

# **Nippon Express (U.K.) Limited**

## **Report and Financial Statements**

31 December 2016



## 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 31<sup>st</sup> December 2016.

### 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 £999,811 in 2015 to £1,263,762. Operating profit increased from a profit of £1,085,130 in 2015 to a profit of £1,362,029 in 2016.

The Irish subsidiary's result changed from an operating profit of €40,228 to an operating loss of €120,640 due to a general reduction in shipment volumes.

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.

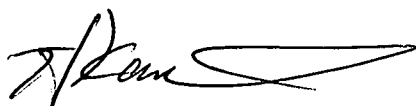
#### Currency risk

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: 3/3/17

## Director's report

The director presents his report and financial statements for the year ended 31 December 2016.

### Principal activity

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

### Director

The director who served the company during the year was as follows:

H. Kawamichi

### Dividends

A dividend of €566,000 was paid during the year (2015 €280,000 ).The director recommends the payment of a final dividend of €613,000 for 2016 (2015- €566,000).

### 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 2016, the Nippon Express (UK) Limited group had an average of 54 days (2015 – 58 days) purchases outstanding in trade creditors and for the company 52 days (2015 – 47 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: 3/3/17

## 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 LIMITED**

We have audited the financial statements of Nippon Express UK Limited for the year ended 31 December 2016 which comprise Group and Parent Company Income Statement, the Group and Parent Company Statement of Comprehensive Income, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Company Statement of Financial Position, the Group Cash Flow Statement and the related notes 1 to 23. 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 Directors' Responsibilities Statement 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 2016 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

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

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

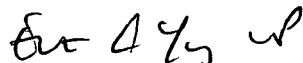
- ▶ the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements;

### Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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.



Gordon Cullen (Senior statutory auditor)

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

London

Date:

3/3/17



## Group income statement

for the year ended 31 December 2016

	Notes	2016 £	2015 £
<b>Turnover</b>	2	105,195,629	111,359,222
Cost of sales		(77,476,980)	(86,884,410)
<b>Gross Profit</b>		<u>27,718,649</u>	<u>24,474,812</u>
<b>Operating Profit</b>	3	1,362,029	1,085,130
Interest receivable and similar income		26,402	43,386
Interest payable and similar charges	6	(1,143)	(10)
Other finance costs	7	(123,526)	(128,695)
<b>Profit on ordinary activities before taxation</b>		1,263,762	999,811
Tax	8	(348,656)	(300,786)
<b>Profit for the financial year</b>		<u>915,106</u>	<u>699,025</u>

All amounts relate to continuing activities.

## Total comprehensive (loss)/income for the year

for the year ended 31 December 2016

	Notes	2016 £	2015 £
Profit for financial year		915,106	699,025
Currency translation differences on foreign currency net investments		341,258	(113,418)
Actuarial (loss)/gain recognised on defined benefit pension scheme	19	(2,943,000)	255,000
Movement on deferred tax relating to pension liability		500,310	(45,900)
<b>Total comprehensive income/(loss) for the year</b>		<u>(1,186,326)</u>	<u>794,707</u>

## Company income statement

for the year ended 31 December 2016

	Notes	2016 £	2015 £
<b>Turnover</b>	2	100,240,377	96,790,688
Cost of sales		<u>(73,965,881)</u>	<u>(74,000,777)</u>
<b>Gross Profit</b>		26,274,496	22,789,911
Operating expenses:			
Distribution costs		(14,158,326)	(12,419,670)
Administrative expenses		<u>(10,655,554)</u>	<u>(9,314,342)</u>
<b>Operating Profit</b>		1,460,616	1,055,899
Interest receivable and similar income		26,121	37,884
Interest payable and similar charges	6	(1,143)	(10)
Other finance costs	7	<u>(123,526)</u>	<u>(128,695)</u>
<b>Profit on ordinary activities before taxation</b>		1,362,068	965,078
Tax	8	<u>(346,525)</u>	<u>(298,636)</u>
<b>Profit for the financial year</b>		<u>1,015,543</u>	<u>666,442</u>

All amounts relate to continuing activities.

## Total comprehensive (loss)/ income for the year

for the year ended 31 December 2016

	Notes	2016 £	2015 £
Profit for financial year		1,015,543	666,442
Actuarial (loss)/gain on defined benefit pension scheme	19	(2,943,000)	255,000
Movement on deferred tax relating to pension liability		500,310	(45,900)
<b>Total comprehensive income(loss) for the year</b>		<u>(1,427,147)</u>	<u>875,542</u>

## Group statement of changes in equity

for the year ended 31 December 2016

	<i>Called up share capital</i>	<i>Currency translation differences</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£	£
At 1 <sup>st</sup> January 2015	2,850,000	370,746	6,064,618	9,285,364
Profit for the year	-	-	699,025	699,025
Other comprehensive (loss)/income	-	(113,418)	209,100	95,682
Total comprehensive profit for the year	-	(113,418)	908,125	794,707
Equity dividends paid (note 9)	-		(202,575)	(202,575)
At 31 <sup>st</sup> December 2015	2,850,000	257,328	6,770,168	9,877,496
Profit for the year	-	-	915,106	915,106
Other comprehensive income/(loss)	-	341,258	(2,442,690)	(2,101,432)
Total comprehensive income/(loss) for the year	-	341,258	(1,527,584)	(1,186,326)
Equity dividends paid (note 9)	-	-	(447,164)	(447,164)
At 31 <sup>st</sup> December 2016	2,850,000	598,586	4,795,420	8,244,006

## Company statement of changes in equity

for the year ended 31 December 2016

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£
At 1 <sup>st</sup> January 2015	2,850,000	4,191,693	7,041,693
Profit for the year	-	666,442	666,442
Other comprehensive income	-	209,100	209,100
Total comprehensive income for the year	-	875,542	875,542
Equity dividends (note 9)	-	(202,575)	(202,575)
At 31 <sup>st</sup> December 2015	2,850,000	4,864,660	7,714,660
Profit for the year	-	1,015,543	1,015,543
Other comprehensive (loss)	-	(2,442,690)	(2,442,690)
Total comprehensive (loss) for the year	-	(1,427,147)	(1,427,147)
Equity dividends paid (note 9)	-	(447,164)	(447,164)
At 31 <sup>st</sup> December 2016	2,850,000	2,990,349	5,840,349

## Group statement of financial position

at 31 December 2016

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Intangible fixed assets	10	7,938	8,692
Tangible fixed assets	11	2,753,031	2,884,259
		<u>2,760,969</u>	<u>2,892,951</u>
<b>Current assets</b>			
Debtors	13	13,954,656	15,091,184
Cash at bank and in hand		11,934,191	10,523,471
		<u>25,888,847</u>	<u>25,614,655</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(12,755,600)</u>	<u>(13,977,543)</u>
<b>Net current assets</b>		<u>13,133,247</u>	<u>11,637,112</u>
<b>Total assets less current liabilities</b>		<u>15,894,216</u>	<u>14,530,063</u>
<b>Provisions for liabilities</b>	15	<u>(1,727,210)</u>	<u>(1,608,567)</u>
<b>Net assets excluding pension liability</b>		<u>14,167,006</u>	<u>12,921,496</u>
<b>Pension liability</b>	19	<u>(5,923,000)</u>	<u>(3,044,000)</u>
<b>Net assets including pension liability</b>		<u>8,244,006</u>	<u>9,877,496</u>
<b>Capital and reserves</b>			
Called up share capital	16	2,850,000	2,850,000
Profit and loss account		4,795,420	6,770,168
Other reserves		598,586	257,328
<b>Shareholders' funds</b>		<u>8,244,006</u>	<u>9,877,496</u>

The financial statements were approved by:



H. Kawamichi

Director

Date: 3/3/17

# Company statement of financial position

at 31 December 2016

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Tangible fixed assets	11	2,746,840	2,876,476
Investments	12	22,951	22,951
		<u>2,769,791</u>	<u>2,899,427</u>
<b>Current assets</b>			
Debtors	13	13,233,624	11,790,220
Cash at bank and in hand		9,560,461	9,179,175
		<u>22,794,085</u>	<u>20,969,395</u>
<b>Creditors:</b> amounts falling due within one year	14	(12,164,697)	(11,581,330)
<b>Net current assets</b>		<u>10,629,388</u>	<u>9,388,065</u>
<b>Total assets less current liabilities</b>		13,399,179	12,287,492
<b>Provisions for liabilities</b>	15	(1,635,830)	(1,528,832)
<b>Net assets excluding pension liabilities</b>		11,763,349	10,758,660
<b>Pension liability</b>	19	(5,923,000)	(3,044,000)
<b>Net assets including pension liabilities</b>		<u>5,840,349</u>	<u>7,714,660</u>
<b>Capital and reserves</b>			
Called up share capital	16	2,850,000	2,850,000
Profit and loss account		2,990,349	4,864,660
<b>Shareholders' funds</b>		<u>5,840,349</u>	<u>7,714,660</u>

The financial statements were approved by:



H. Kawamichi

Director

Date: 3/3/17

## Group statement of cash flows

for the year ended 31 December 2016

	Notes	2016 £	2015 £
Net cash inflow from operating activities		2,281,514	2,614,038
Investing activities			
Interest received		26,401	53,927
Payments to acquire intangible fixed assets		-	(9,151)
Payments to acquire tangible fixed assets		(800,947)	(1,068,476)
Receipts from sale of tangible fixed assets		13,145	11,507
Net cash flow used in investing activities		(761,401)	(1,012,193)
Financing activities			
Equity dividends paid	9	(447,164)	(202,575)
Interest paid		(1,142)	(10)
Net cash flow used in financing activities		(448,306)	(202,585)
Increase in cash equivalents		1,071,807	1,399,260
Effect of exchange rates on cash and cash equivalents		338,913	(96,907)
Cash and cash equivalents at 1 January		10,523,471	9,221,118
Cash and cash equivalents at 31 December	17 (b)	11,934,191	10,523,471

## Notes to the financial statements

at 31 December 2016

### 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 2016.

#### *Basis of preparation*

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ending 31 December 2016.

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 2016

### 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
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#### *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.

The deferred tax on the pension liability is 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 2016

### 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:

	2016	2015
<i>Group</i>	£	£
<b>Class of business</b>		
Freight forwarding	105,195,629	111,359,222
<b>Geographical location</b>		
Europe	89,301,015	94,644,214
Rest of the world	15,894,614	16,715,008
	<u>105,195,629</u>	<u>111,359,222</u>
	2016	2015
<i>Company</i>	£	£
<b>Class of business</b>		
Freight forwarding	100,240,377	96,790,688
<b>Geographical location</b>		
Europe	86,269,870	82,969,207
Rest of the world	13,970,507	13,821,481
	<u>100,240,377</u>	<u>96,790,688</u>

## Notes to the financial statements

at 31 December 2016

### 3. Operating Profit

	2016	2015
<i>Group</i>	£	£
Turnover	105,195,629	111,359,222
Cost of sales	(77,476,980)	(86,884,410)
Gross profit	27,718,649	24,474,812
Distribution costs	(15,181,792)	(13,446,335)
Administrative expenses	(11,174,828)	(9,943,347)
	<u>1,362,029</u>	<u>1,085,130</u>

This is stated after charging/(crediting):

	<i>Group</i>		<i>Company</i>	
	2016	2015	2016	2015
	£	£	£	£
Auditor remuneration – Audit of the financial statements	78,540	87,510	78,540	87,510
Other fees to auditors – local statutory audit of subsidiary	21,247	19,634	-	-
– taxation services	24,630	22,307	17,440	17,040
Depreciation and other amounts written off intangible fixed assets	2,038	452	-	-
Depreciation and other amounts written off tangible fixed assets	935,273	932,759	929,417	927,210
Operating lease rentals				
– plant and machinery	70,500	20,649	60,285	20,649
– land and buildings	1,974,776	1,694,177	1,911,445	1,641,214
Profit on disposal of tangible fixed assets	(13,145)	(11,507)	(12,481)	(11,507)
Foreign exchange gains	<u>(260,836)</u>	<u>(162,331)</u>	<u>(168,237)</u>	<u>(104,478)</u>

### 4. Director's remuneration

	<i>Group and Company</i>	
	2016	2015
	£	£
Director's remuneration	<u>217,388</u>	<u>170,511</u>

The director is not a member of the defined benefit pension scheme (note 19). Pension contributions of £3,277 were made for the director (2015 £2,429).

	<i>Group and Company</i>	
	2016	2015
	£	£
Highest paid director's remuneration:		
Aggregate of remunerations	<u>217,388</u>	<u>110,389</u>

# Notes to the financial statements

at 31 December 2016

## 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>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	£	£	£	£
Wages and salaries	9,903,771	9,227,467	9,466,424	8,700,294
Social security costs	925,853	857,220	877,290	804,063
Other pension costs	302,272	297,178	284,645	273,671
	<u>11,131,896</u>	<u>10,381,865</u>	<u>10,628,359</u>	<u>9,778,028</u>

The average monthly number of employees was:

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	No.	No.	No.	No.
Office and management	177	161	168	150
Distribution	106	112	102	107
	<u>283</u>	<u>273</u>	<u>270</u>	<u>257</u>

## 6. Interest payable and similar charges

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	£	£	£	£
Other interest payable	1,143	10	1,143	10
	<u>1,143</u>	<u>10</u>	<u>1,143</u>	<u>10</u>

## 7. Other finance costs

	<i>Group and Company</i>	
	<i>2016</i>	<i>2015</i>
	£	£
Interest on net defined benefit pension liability	118,000	124,000
Discounting on provisions	5,526	4,695
	<u>123,526</u>	<u>128,695</u>

## Notes to the financial statements

at 31 December 2016

### 8. Tax

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

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
<b>Current tax:</b>				
UK corporation tax on the profits for the year	309,701	111,007	309,701	111,007
Adjustment in respect of previous periods	(1,534)	-	(1,534)	-
	308,167	111,007	308,167	111,007
Current year foreign tax	2,957	3,970	-	-
Foreign tax in respect of previous periods	(1,039)	-	-	-
Total current tax	310,085	114,977	308,167	111,007
<b>Deferred tax:</b>				
Origination and reversal of timing differences	6,344	124,595	6,131	126,415
Adjustment in respect of previous periods	1,363	(6,597)	1,363	(6,597)
Effect of changes in tax rates	30,864	67,811	30,864	67,811
Total deferred tax charge	38,571	185,809	38,358	187,629
Total tax per income statement (note 8(b))	348,656	300,786	346,525	298,636
Equity items				
Deferred tax current year (credit)/charge	(500,310)	45,900	(500,310)	45,900

(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% (2015 – 20.25%). The differences are explained below:

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Profit on ordinary activities before tax	1,263,762	999,811	1,362,068	965,078
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	252,752	202,429	272,414	195,395
<i>Effects of:</i>				
Expenses not deductible for tax purposes	43,645	42,132	43,418	42,028
Adjustments in respect of prior years	(171)	(6,597)	(171)	(6,597)
Tax rate changes	30,864	67,810	30,864	67,810
Movement on balances on which no deferred tax is recognised	(1,258)	(5,254)	-	-
Loss carried forward to future years	12,827	-	-	-
Foreign tax on medical premiums	2,957	2,595	-	-
Difference in rates of foreign tax on overseas income	7,374	(2,692)	-	-
Higher rate on passive income	35	688	-	-
Deductions allowable	(369)	(325)	-	-
Tax charge for the period (note 8(a))	348,656	300,786	346,525	298,636

## Notes to the financial statements

at 31 December 2016

### 8. Tax (continued)

	<i>Group</i>	<i>Company</i>
	<i>2016</i>	<i>2016</i>
	<i>£</i>	<i>£</i>
Income tax reported in the income statement:	348,656	346,525

#### c) Deferred tax

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Deferred tax asset as at 1 January 2016	(576,058)	(807,781)	(573,462)	(806,991)
Foreign exchange translation difference	(400)	14		
Adjustment in respect of prior years	1,363	(6,597)	1,363	(6,597)
Deferred tax charge to income statement for the period	37,208	192,406	36,995	194,226
Deferred tax charge in equity for the period	(500,310)	45,900	(500,310)	45,900
Provision at end of period	<u>(1,038,197)</u>	<u>(576,058)</u>	<u>(1,035,414)</u>	<u>(573,462)</u>

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Analysis of deferred tax asset recognised:				
Fixed asset timing differences	(23,504)	(19,897)	(20,721)	(17,301)
Short term timing differences	(1,014,693)	(556,161)	(1,014,693)	(556,161)
	<u>(1,038,197)</u>	<u>(576,058)</u>	<u>(1,035,414)</u>	<u>(573,462)</u>

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Deferred tax not recognised:				
Trading losses	-	-	-	-
Capital losses	(524,926)	(555,804)	(524,926)	(555,804)
	<u>(524,926)</u>	<u>(555,804)</u>	<u>(524,926)</u>	<u>(555,804)</u>

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

## Notes to the financial statements

at 31 December 2016

### 9. Dividends

	<i>Group and Company</i>	
	<i>2016</i>	<i>2015</i>
	£	£
Dividend paid:		
Per ordinary share 15.69p (2015 – 7.11p)	447,164	202,575
	€	€
Final dividend for 2016 21.50c – (2015 – 19.86c) per ordinary share	613,000	566,000

### 10 Intangible fixed assets

	Group	Company
	£	£
<i>Group</i>		
Cost:		
At 1 January 2016	9,151	-
Foreign exchange translation differences	1,448	-
Additions	-	-
Disposals	-	-
At 31 December 2016	10,599	-
Accumulated depreciation:		
At 1 January 2016	459	-
Foreign exchange translation differences	164	-
Charge for the year	2,038	-
Disposals	-	-
At 31 December 2016	2,661	-
Net book value:		
At 31 December 2016	7,938	-
At 1 January 2016	8,692	-

## Notes to the financial statements

at 31 December 2016

### 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 2016	1,471,825	2,496,850	3,511,814	1,185,057	8,665,546
Foreign exchange translation differences	6,910	5,332	-	6,659	18,901
Additions	419,670	100,358	44,919	236,000	800,947
Disposals	(1,403)	(127,246)	-	(22,100)	(150,749)
At 31 December 2016	1,897,002	2,475,294	3,556,733	1,405,616	9,334,645
Accumulated depreciation:					
At 1 January 2016	965,133	1,976,150	2,104,202	735,802	5,781,287
Foreign exchange translation differences	5,993	5,189	-	6,659	17,841
Charge for the year	188,460	289,642	292,540	162,593	933,235
Disposals	(1,403)	(127,246)	-	(22,100)	(150,749)
At 31 December 2016	1,158,183	2,143,735	2,396,742	882,954	6,581,614
Net book value:					
At 31 December 2016	738,819	331,559	1,159,991	522,662	2,753,031
At 1 January 2016	506,692	520,700	1,407,612	449,255	2,884,259



## Notes to the financial statements

at 31 December 2016

### 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					
2016	1,428,136	2,463,139	3,511,814	1,142,955	8,546,044
Additions	418,504	100,358	44,919	236,000	799,781
Disposals	(1,403)	(90,285)	-	(22,100)	(113,788)
At 31 December					
2016	1,845,237	2,473,212	3,556,733	1,356,855	9,232,037
Accumulated depreciation:					
At 1 January					
2016	927,602	1,943,488	2,104,202	694,276	5,669,568
Charge for the year	185,140	289,144	292,540	162,593	929,417
Disposals	(1,403)	(90,285)	-	(22,100)	(113,788)
At 31 December					
2016	1,111,339	2,142,347	2,396,742	834,769	6,485,197
Net book value:					
At 31 December					
2016	733,898	330,865	1,159,991	522,086	2,746,840
At 1 January					
2016	200,749	666,925	1,566,129	301,407	2,735,210

### 12. Investments

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	£	£	£	£
Shares in subsidiary undertaking	-	-	22,951	22,951
	-	-	22,951	22,951

The subsidiary of the company at 31 December 2016 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 2016

### 13. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	£	£	£	£
Trade debtors	8,131,310	10,215,497	7,638,812	7,218,885
Amounts owed by the ultimate parent undertaking	1,212,446	1,331,820	1,161,684	1,169,832
Amounts owed by the parent undertaking	93,037	285,176	93,037	233,775
Amounts owed by fellow subsidiary undertakings	1,268,045	1,111,217	1,144,412	962,145
Amounts owed by subsidiary	-	-	96,800	174,768
Amounts owed by associate	16,921	18,521	15,641	16,503
Value added tax recoverable	504,924	290,744	477,565	259,810
Deferred tax asset (note 8(c))	1,038,197	576,058	1,035,414	573,462
Prepayments and accrued income	1,689,776	1,260,557	1,570,259	1,181,040
Corporation tax recoverable	-	1,594	-	-
	<u>13,954,656</u>	<u>15,091,184</u>	<u>13,233,624</u>	<u>11,790,220</u>

### 14. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	£	£	£	£
Trade creditors	8,009,844	8,395,773	7,789,185	7,977,832
Amounts owed to the ultimate parent undertaking	721,480	951,309	568,800	861,728
Amounts owed to parent undertaking	182,355	120,949	182,355	106,608
Amounts owed to fellow subsidiary undertakings	1,953,914	3,175,411	1,753,468	1,341,835
Amounts owed to subsidiary	-	-	28,285	20,241
Amounts owed to associate	2,222	63,883	2,222	58,035
Corporation tax payable	212,749	105,007	209,701	105,007
Other taxes and social security costs	373,242	294,508	358,185	278,865
Accruals and deferred income	1,299,794	870,703	1,272,496	831,179
	<u>12,755,600</u>	<u>13,977,543</u>	<u>12,164,697</u>	<u>11,581,330</u>

## Notes to the financial statements

at 31 December 2016

### 15. Provisions for liabilities

<i>Group</i>	<i>£</i>
At 1 January 2016	1,608,567
Exchange adjustment	12,570
Additional provision made in the year	100,547
Discounting of provisions	5,526
At 31 December 2016	<u>1,727,210</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>£</i>
At 1 January 2016	1,528,832
Additional provision made in the year	101,472
Discounting of provisions	5,526
At 31 December 2016	<u>1,635,830</u>

### 16. Issued share capital

	<i>2016</i>		<i>2015</i>	
<i>Allotted, called up and fully paid</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 2016

### 17. Notes to the statement of cash flows

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

	2016 £	2015 £
Group profit for the year	1,362,029	1,085,130
Adjustments to reconcile profit for the year to net cash flow from operating activities		
Profit on disposal of fixed assets	(13,145)	(11,507)
Depreciation of intangible fixed assets	2,037	452
Depreciation of fixed assets	933,235	932,759
Increase in provisions	118,643	72,643
Discounting on provisions	(5,526)	(4,695)
Payment to pension fund	(182,000)	(182,000)
Working capital movements		
Decrease/(Increase) in debtors	1,597,075	(1,250,063)
(Decrease)/Increase in creditors	(1,330,252)	1,990,053
Taxation		
Corporation tax (paid)	(200,582)	(18,734)
	<u>919,485</u>	<u>1,528,908</u>
Net cash inflow from operating activities	<u>2,281,514</u>	<u>2,614,038</u>

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	At 31 December 2016 £	Group At 31 December 2015 £	At 31 December 2016 £	Company At 31 December 2015 £
Cash at bank and in hand	<u>11,934,191</u>	<u>10,523,471</u>	<u>9,560,461</u>	<u>9,179,175</u>

## Notes to the financial statements

at 31 December 2016

### 18. Capital commitments

At 31 December 2016, the company and group had entered into financial or capital commitments of £86,912 (2015 – £7,862).

### 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 31st March 2015, and revealed a funding shortfall of £1,353,000.

To eliminate the shortfall the trustee and the Company agreed additional contributions of £182,000 per annum over a seven year period, with the first being paid by 31<sup>st</sup> January 2016 and the last being paid by 31 January 2022. 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 31<sup>st</sup> March 2015, 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:

	2016	2015	2014
	% per annum	% per annum	% per annum
Inflation	3.5%	3.2%	3.2%
Salary increases	0.0%	0.0%	0.0%
Rate of discount	2.7%	3.8%	3.6%
Pension in payment increases	2.5%	2.5%	2.5%
Revaluation rate for deferred pensioners	2.5%	2.5%	2.5%

The position of the scheme as calculated under FRS 102 as at 31 December 2016 is as follows:

	2016	2015	2014
	£	£	£
Equities	5,971,000	5,704,000	5,856,000
Bonds	1,388,000	1,810,000	1,757,000
Strategic investment allocation fund	3,728,000	4,051,000	3,734,000
Cash	158,000	184,000	213,000
Property	-	-	-
Total market value of assets	11,245,000	11,749,000	11,560,000
Present value of scheme liabilities	(17,168,000)	(14,793,000)	(14,917,000)
Pension deficit	(5,923,000)	(3,044,000)	(3,357,000)

## Notes to the financial statements

at 31 December 2016

### 19. Pensions (continued)

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

	2016	2015
	£	£
Scheme liabilities at 1 January	14,793,000	14,917,000
Interest cost	565,000	540,000
Actuarial losses	2,128,000	(334,000)
Benefits paid and expense	(318,000)	(330,000)
Scheme liabilities at 31 December	<u>17,168,000</u>	<u>14,793,000</u>

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

	2016	2015
	£	£
Fair value of scheme assets at 1 January	11,749,000	11,560,000
Interest income	447,000	416,000
Return on plan assets less interest income	(815,000)	(79,000)
Contributions by employer	182,000	182,000
Benefits paid and expenses	(318,000)	(330,000)
Fair value of scheme assets at 31 December	<u>11,245,000</u>	<u>11,749,000</u>

Actual return on scheme assets	<u>(368,000)</u>	<u>337,000</u>
--------------------------------	------------------	----------------

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

	2016	2015
	£	£
Other finance charges:		
Net interest cost	<u>118,000</u>	<u>124,000</u>

Remeasurements recognised in Other Comprehensive Income

	2016	2015
	£	£
Return on plan assets less interest income	815,000	79,000
Experience gains and losses on scheme liabilities	(145,000)	144,000
Changes in assumptions underlying the present value of the scheme liabilities	2,273,000	(478,000)
Loss/(gain) recognised	<u>2,943,000</u>	<u>(255,000)</u>

## Notes to the financial statements

at 31 December 2016

### 19. Pensions (continued)

#### *Movement in deficit during the year*

	2016	2015
	£	£
Deficit in scheme at 1 January	(3,044,000)	(3,357,000)
Movement in the year:		
– Net finance cost	(118,000)	(124,000)
– Contributions	182,000	182,000
– Actuarial (losses)/gains	(2,943,000)	255,000
Deficit in scheme at 31 December	<u>(5,923,000)</u>	<u>(3,044,000)</u>

The mortality assumptions adopted at 31 December 2016 imply the following life expectancies:

Male retiring at age 65 in 2016	22.8 years
Female retiring at age 65 in 2016	25.1 years

### 20. Other financial commitments

At 31 December 2016 future minimum rentals under non-cancellable operating leases are as set out below:

<i>Group</i>	2016		2015	
	<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	17,540	11,824	26,021	12,289
In two to five years	3,363,470	-	1,319,226	1,777
Over five years	7,915,677	-	8,111,759	-
	<u>11,296,687</u>	<u>11,824</u>	<u>9,457,006</u>	<u>14,066</u>
<i>Company</i>				
Operating leases which expire:				
Within one year	-	11,824	13,300	12,289
In two to five years	3,363,470	-	1,319,226	1,777
Over five years	7,915,677	-	8,111,759	-
	<u>11,279,147</u>	<u>11,824</u>	<u>9,444,285</u>	<u>14,066</u>

## Notes to the financial statements

at 31 December 2016

### 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)	2016	48,567	91,334	16,921	2,222
NESH Nippon Express (Shanghai) Co Ltd	(1)	2015	40,157	254,452	18,521	63,883
NETH Nippon Express (Thailand) Co	(2)	2016	32,813	196,477	5,707	22,745
NETH Nippon Express (Thailand) Co	(2)	2015	95,501	174,636	6,793	23,862
NEIN Nippon Express (India) PVT Ltd	(2)	2016	293,262	43,867	60,656	6,459
NEIN Nippon Express (India) PVT Ltd	(2)	2015	210,669	47,195	38,693	7,560
NES Nippon Express Singapore	(2)	2016	146,596	133,562	33,465	23,218
NES Nippon Express Singapore	(2)	2015	90,767	161,179	11,722	18,351
NEVN Nippon Express (Vietnam) Co Ltd	(2)	2016	11,605	132,588	1,125	32,321
NEVN Nippon Express (Vietnam) Co Ltd	(2)	2015	9,747	153,705	3,010	41,825
NECN Nippon Express China	(2)	2016	499,249	1,316,561	68,148	225,669
NECN Nippon Express China	(2)	2015	923,946	9,159,805	303,321	1,843,321



## Notes to the financial statements

at 31 December 2016

### 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)	2016	26,446	77,735	2,926	13,324
NEM Nippon Express Malaysia	(2)	2015	97,278	539,890	3,478	11,506
NEPH Nippon Express Philippines	(2)	2016	96,672	421,482	9,188	112,655
NEPH Nippon Express Philippines	(2)	2015	117,773	214,087	18,290	40,784
NSLD Nittsu Sinotrans Log Dalian	(2)	2016	1,640	55,870	265	49,846
NSLD Nittsu Sinotrans Log Dalian	(2)	2015	810	29,795	97	2,661
NEID PT Nippon Express Indonesia	(2)	2016	52,210	56,496	3,670	6,132
NEID PT Nippon Express Indonesia	(2)	2015	52,621	148,829	10,968	32,756
NLIL PT Nittsu Lemo Indonesia	(2)	2016	10,137	232,333	1,509	18,567
NLIL PT Nittsu Lemo Indonesia	(2)	2015	5,530	167,962	5,530	11,439
Nippon Express South China	(2)	2016	-	8,634	-	9,462

(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 (2015 :£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 2016

### **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