

Registered No. 1534130

Nippon Express (U.K.) Limited

Report and Financial Statements

31 December 2014

FRIDAY



LD5 *L434AYJV* 13/03/2015 #54
COMPANIES HOUSE

Director

K Noda

Secretary

M Jacob (resigned 12 March 2014)

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

Results and dividends

The group's profit for the year after taxation amounted to £325,274 (2013 - loss of £77,153).

There was no interim dividend paid during the year (2013 - £5,000,000). The director recommends the payment of a final dividend of €280,000 for 2014 (2013- €Nil).

Review of the business, key performance indicators and future developments

Trading conditions remained difficult during the year and although group turnover increased by 13% this was offset by a decrease in gross profit percentage. Increase in operating profit was due to cost savings achieved on administrative and distribution costs. The Group's key performance indicator of profit before tax and exceptional items increased from £76,464 to £567,876. Operating profit increased from a loss of £92,875 in 2013 to a profit of £382,290 in 2014.

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

The Irish subsidiary's operating profit decreased from €5,029 to a loss of €322,056 due to pressure on rates and a decrease in volumes. The losses are now reducing after renegotiation of rates with certain customers.

The Group continues to hold a healthy cash balance and maintain strict control of its debtors, and the overheads of the Group are constantly under review. The company invested in new trucks and equipment amounting to £448,709 during the year.

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


K. Noda
Director

Date:

11/3/15

Director's report

The director presents his report and financial statements for the year ended 31 December 2014.

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: K Noda.

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 2014, the Nippon Express (UK) Limited group had an average of 55 days (2013 – 51 days) purchases outstanding in trade creditors and for the company 51 days (2013 – 46 days).

Pension fund

Full details of the group's pension schemes are set out in note 18. 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.

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

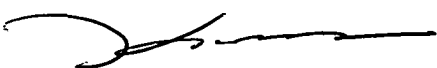
A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

On behalf of the Board of Directors

K. Noda

Director

Date:


11/3/15

Statement of director's responsibilities

The director is responsible for preparing the Strategic Report, Director's 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 2014 which comprise the Group and Company Profit and Loss Account, the Group and Company Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group and Company Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 22. 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).

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 director and auditor

As explained more fully in the Statement of Director's Responsibilities set out on page 4, the director is 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 undertaking's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and company's affairs as at 31 December 2014 and of the profit of the group and company for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report (continued)

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

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 undertaking, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent undertaking financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's 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: 11 March 2015.

Group profit and loss account

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover	2	92,747,822	82,214,472
Cost of sales		(70,241,636)	(58,364,290)
Gross Profit		22,506,186	23,850,182
Operating Profit/(Loss)	3	382,290	(92,875)
Interest receivable and similar income		70,603	90,339
Interest payable and similar charges	6	(16)	-
Other finance income	7	115,000	79,000
Profit on ordinary activities before taxation		567,877	76,464
Tax	8	(242,603)	(153,617)
Profit/(Loss) for the financial year	16	325,274	(77,153)

All amounts relate to continuing activities.

Group statement of total recognised gains and losses

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Profit/(Loss) for financial year		325,274	(77,153)
Currency translation differences on foreign currency net investments		(171,438)	66,969
Actuarial loss recognised on defined benefit pension scheme	18	(1,471,000)	(296,000)
Movement on deferred tax relating to pension liability		294,200	68,820
Total recognised losses for the year		(1,022,964)	(237,364)

Reconciliation of movements in group shareholders' funds

	2014 £	2013 £
Total recognised losses for the year	(1,022,964)	(237,364)
Dividend	-	(5,000,000)
Net loss to shareholders' funds	(1,022,964)	(5,237,364)
Opening shareholders' funds	10,480,478	15,717,842
Closing shareholders' funds	9,457,514	10,480,478

Company profit and loss account

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover	2	85,164,171	73,752,808
Cost of sales		(64,407,965)	(52,209,352)
Gross Profit		20,756,206	21,543,456
Operating expenses:			
Distribution costs		(11,066,140)	(12,118,245)
Administrative expenses		(9,048,241)	(9,522,363)
Operating Profit/(Loss)	3	641,825	(97,152)
Interest receivable and similar income		54,128	66,550
Interest payable and similar charges	6	(16)	-
Other finance income	7	115,000	79,000
Profit on ordinary activities before taxation		810,937	48,398
Tax	8	(234,342)	(139,536)
Profit/(Loss) for the financial year	16	576,595	(91,138)

All amounts relate to continuing activities.

Company statement of total recognised gains and losses

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Profit/(loss) for financial year		576,595	(91,138)
Actuarial loss on defined benefit pension scheme	18	(1,471,000)	(296,000)
Movement on deferred tax relating to pension liability		294,200	68,820
Total recognised losses for the year		(600,205)	(318,318)

Company reconciliation of movements in shareholders' funds

	2014 £	2013 £
Total recognised losses for the year	(600,205)	(318,318)
Dividend	-	(5,000,000)
Net loss to shareholders' funds	(600,205)	(5,318,318)
Opening shareholders' funds	7,814,048	13,132,366
Closing shareholders' funds	7,213,843	7,814,048

Group balance sheet

at 31 December 2014

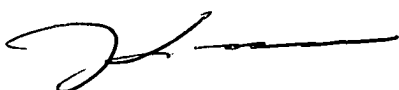
	Notes	2014 £	2013 £
Fixed assets			
Tangible fixed assets	10	2,180,766	2,388,623
Current assets			
Debtors	12	13,386,844	10,913,055
Cash at bank and in hand		9,221,118	9,560,595
		<u>22,607,962</u>	<u>20,473,650</u>
Creditors: amounts falling due within one year	13	<u>(11,894,117)</u>	<u>(9,973,242)</u>
Net current assets		<u>10,713,845</u>	<u>10,500,408</u>
Total assets less current liabilities		12,894,611	12,889,031
Provisions for liabilities	14	<u>(751,497)</u>	<u>(662,153)</u>
Net assets] excluding pension liability		12,143,114	12,226,878
Pension liability	18	<u>(2,685,600)</u>	<u>(1,746,400)</u>
Net assets including pension liability		<u>9,457,514</u>	<u>10,480,478</u>
Capital and reserves			
Called up share capital	15	2,850,000	2,850,000
Profit and loss account	16	6,236,768	7,088,294
Other distributable reserves	16	370,746	542,184
Shareholders' funds		<u>9,457,514</u>	<u>10,480,478</u>

The financial statements were approved by:

K. Noda

Director

Date:



11/3/15

Company balance sheet

at 31 December 2014


	Notes	2014 £	2013 £
Fixed assets			
Tangible fixed assets	10	2,166,636	2,374,714
Investments	11	22,951	22,951
		<u>2,189,587</u>	<u>2,397,665</u>
Current assets			
Debtors	12	10,659,940	9,595,532
Cash at bank and in hand		7,388,998	7,242,569
		<u>18,048,938</u>	<u>16,838,101</u>
Creditors: amounts falling due within one year	13	<u>(9,654,033)</u>	<u>(9,065,632)</u>
Net current assets		<u>8,394,905</u>	<u>7,772,469</u>
Total assets less current liabilities		<u>10,584,492</u>	<u>10,170,134</u>
Provisions for liabilities	14	<u>(685,049)</u>	<u>(609,686)</u>
Net assets excluding pension liabilities		<u>9,899,443</u>	<u>9,560,448</u>
Pension liability	18	<u>(2,685,600)</u>	<u>(1,746,400)</u>
Net assets including pension liabilities		<u>7,213,843</u>	<u>7,814,048</u>
Capital and reserves			
Called up share capital	15	2,850,000	2,850,000
Profit and loss account	16	4,363,843	4,964,048
Shareholders' funds		<u>7,213,843</u>	<u>7,814,048</u>

The financial statements were approved by:

K. Noda

Director

Date:


12/31/15

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern

The director has a reasonable expectation that the group and 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.

Statement of cash flows

The company and group are entitled to an exemption from preparing a statement of cash flows as permitted by FRS 1 (revised). The company's ultimate parent undertaking is Nippon Express Company Limited, a company incorporated in Japan, which prepares publicly available group financial statements.

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.

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.

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.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

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.

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.

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 taken directly to reserves.

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

For the defined benefit scheme, the company recognises the net assets or liabilities of the scheme in the balance sheet, net of any related deferred tax liability or asset. The changes in the scheme assets and liabilities, based on actuarial advice, are recognised as follows:

The current service cost, based on the most recent actuarial valuation, is deducted in arriving at operating profit.

The interest cost, based on the present value of scheme liabilities and the discount rate at the beginning of the year and amended for changes in scheme liabilities during the year, is included as interest.

The expected return on scheme assets, based on the fair value of scheme assets and expected rates of return at the beginning of the year and amended for changes in scheme assets during the year, is included as interest.

Actuarial gains and losses, representing differences between the expected return 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 total recognised gains and losses.

Notes to the financial statements

at 31 December 2014

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:

	2014	2013
<i>Group</i>	£	£
<i>Class of business</i>		
Freight forwarding	<u>92,747,822</u>	<u>82,214,472</u>
<i>Geographical location</i>		
Europe	70,760,474	60,485,492
Rest of the world	<u>21,987,348</u>	<u>21,728,980</u>
	<u>92,747,822</u>	<u>82,214,472</u>

	2014	2013
<i>Company</i>	£	£
<i>Class of business</i>		
Freight forwarding	<u>85,164,171</u>	<u>73,752,808</u>
<i>Geographical location</i>		
Europe	68,938,628	57,029,839
Rest of the world	<u>16,225,543</u>	<u>16,722,969</u>
	<u>85,164,171</u>	<u>73,752,808</u>

3. Operating Profit/(Loss)

	2014	2013
<i>Group</i>	£	£
Turnover	92,747,822	82,214,472
Cost of sales	<u>(70,241,636)</u>	<u>(58,364,290)</u>
Gross profit	22,506,186	23,850,182
Distribution costs	<u>(12,415,644)</u>	<u>(13,668,828)</u>
Administrative expenses	<u>(9,708,251)</u>	<u>(10,274,229)</u>
	<u>382,290</u>	<u>(92,875)</u>

Notes to the financial statements

at 31 December 2014

3. Operating Profit/(Loss) (continued)

This is stated after charging/(crediting):

	<i>Group</i>		<i>Company</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Auditor remuneration – Audit of the financial statements	74,850	74,052	74,850	74,052
Other fees to auditors – local statutory audit of subsidiary	20,196	20,895	-	-
– taxation services	22,524	24,023	17,040	18,329
– other services		1,500	-	1,500
Depreciation and other amounts written off tangible fixed assets	643,318	544,554	637,412	539,981
Operating lease rentals				
– plant and machinery	11,410	14,294	11,410	14,294
– land and buildings	1,767,055	1,726,952	1,708,467	1,665,959
Profit on disposal of tangible fixed assets	(26,009)	(109,251)	(6,507)	(65,880)
Foreign exchange	(172,638)	(154,832)	(110,619)	(52,854)

4. Director's remuneration

	<i>Group and Company</i>	
	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>
Director's remuneration	161,081	208,205

The director is not a member of the defined benefit pension scheme (note 18). No pension contributions were made for the director (2013 – none).

	<i>Group and Company</i>	
	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>
Highest paid director's remuneration:		
Aggregate of remunerations	161,081	208,205

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>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Wages and salaries	8,746,556	9,424,118	8,140,387	8,665,729
Social security costs	834,069	912,042	780,754	841,771
Other pension costs	364,011	422,979	326,790	369,708
	9,944,636	10,759,139	9,247,931	9,877,208

Notes to the financial statements

at 31 December 2014

5. Staff costs (continued)

The average monthly number of employees was:

	<i>Group</i>		<i>Company</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
Office and management	169	179	159	168
Distribution	121	125	115	118
	<u>290</u>	<u>304</u>	<u>274</u>	<u>286</u>

6. Interest payable and similar charges

	<i>Group</i>		<i>Company</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Other interest payable	16	-	16	-
	<u>16</u>	<u>-</u>	<u>16</u>	<u>-</u>

7. Other finance income

	<i>Group and Company</i>	
	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>
Expected return on pension scheme assets	717,000	648,000
Interest on pension scheme liabilities	(602,000)	(569,000)
	<u>115,000</u>	<u>79,000</u>

8. Tax

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

	<i>Group</i>		<i>Company</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Current tax:				
UK corporation tax on the profit for the year	11,634	(27,361)	11,634	(27,361)
Prior year adjustment	(351)	(4)	(351)	(4)
	<u>11,283</u>	<u>(27,365)</u>	<u>11,283</u>	<u>(27,365)</u>
Current year foreign tax	3,119	9,648	-	-
Prior year foreign tax	-	(7,370)	-	-
Total current tax (note 8(b))	<u>14,402</u>	<u>(25,087)</u>	<u>11,283</u>	<u>(27,365)</u>
Deferred tax:				
Origination and reversal of timing differences	194,151	188,186	189,009	176,383
Adjustment in respect of previous periods	26,742	(9,482)	26,742	(9,482)
Effect of changes in tax rates	7,308	-	7,308	-
Total deferred tax charge	<u>228,201</u>	<u>178,704</u>	<u>223,059</u>	<u>166,901</u>
Tax on profit on ordinary activities	<u>242,603</u>	<u>153,617</u>	<u>234,342</u>	<u>139,536</u>

Notes to the financial statements

at 31 December 2014

8. Tax (continued)

(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 21.49% (2013 – 23.25%). The differences are explained below:

	<i>Group</i>		<i>Company</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Profit on ordinary activities before tax	567,877	76,464	810,937	48,398
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 – 23.25%)	122,062	17,778	174,296	11,253
<i>Effects of:</i>				
Expenses not deductible for tax purposes	48,582	46,319	48,310	46,107
Accelerated capital allowances	(47,955)	(95,754)	(44,884)	(89,257)
Foreign tax on medical premiums	3,120	3,701	-	-
Other timing differences	(66,033)	(54,489)	(66,033)	(48,605)
Difference in rates of foreign tax on overseas income	21,851	(3,018)	-	-
Higher rate on passive income	2,059	2,974	-	-
Utilisation of tax losses	(100,055)	-	(100,055)	-
Unrelieved tax losses carried forward	33,950	74,141	-	74,141
Other timing differences	(2,438)	-	-	-
Deductions allowable	(390)	-	-	-
Adjustments in respect of prior years	(351)	4,261	(351)	(4)
Differences in tax rates on losses carried forward	-	(21,000)	-	(21,000)
Current tax for the year (note 8(a))	14,402	(25,087)	11,283	(27,365)

(c) Deferred tax

	<i>Group</i>	<i>Company</i>
	<i>£</i>	<i>£</i>
Deferred tax asset as at 1 January 2014	261,700	255,545
Foreign exchange translation difference	(222)	-
Deferred tax rate change		
Provided during the year	(142,061)	(136,918)
Adjustments in respect of prior years	(26,742)	(26,742)
Deferred tax asset as at 31 December 2014	92,675	91,885

	<i>Group</i>		<i>Company</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Analysis of deferred tax asset recognised:				
Depreciation in excess of capital allowances	92,675	137,752	91,885	131,597
Tax losses	-	123,948	-	123,948
	92,675	261,700	91,885	255,545

Notes to the financial statements

at 31 December 2014

8. Tax (continued)

(c) Deferred tax (continued)

	<i>Group</i>		<i>Company</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Deferred tax not recognised:				
Trading losses	-	-	-	-
Capital losses	617,560	617,560	617,560	617,560
	<u>617,560</u>	<u>617,560</u>	<u>617,560</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>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>
Dividend paid:		
Per ordinary share Nil (2013 – 175.44p)	-	5,000,000
	<u>€</u>	<u>€</u>
Final dividend for 2014 – 9.82c (2013 – Nil) per ordinary share	<u>280,000</u>	<u>-</u>

Notes to the financial statements

at 31 December 2014

10. 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 2014	1,062,258	2,621,669	2,165,971	970,108	6,820,006
Foreign exchange translation differences	(2,957)	(14,933)	-	(3,194)	(21,084)
Additions	93,204	149,152	123,196	89,999	455,551
Disposals	(48,380)	(371,589)	(72,365)	(24,860)	(517,194)
At 31 December 2014	1,104,125	2,384,299	2,216,802	1,032,053	6,737,279
Accumulated depreciation:					
At 1 January 2014	863,190	1,787,340	1,094,256	686,597	4,431,383
Foreign exchange translation differences	(2,229)	(14,945)	-	(3,194)	(20,368)
Charge for the year	78,817	314,991	177,983	71,527	643,318
Disposals	(48,380)	(371,589)	(52,991)	(24,860)	(497,820)
At 31 December 2014	891,398	1,715,797	1,219,248	730,070	4,556,513
Net book value:					
At 31 December 2014	212,727	668,502	997,554	301,983	2,180,766
At 1 January 2014	199,068	834,329	1,071,715	283,511	2,388,623

Notes to the financial statements

at 31 December 2014

10. 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					
2014	1,018,250	2,399,464	2,165,971	922,584	6,506,269
Additions	88,253	147,260	123,196	89,999	448,708
Disposals	(48,380)	(197,920)	(72,365)	(24,860)	(343,525)
At 31 December					
2014	1,058,123	2,348,804	2,216,802	987,723	6,611,452
Accumulated depreciation:					
At 1 January					
2014	832,515	1,565,135	1,094,256	639,649	4,131,555
Charge for the year	73,238	314,664	177,983	71,527	637,412
Disposals	(48,380)	(197,920)	(52,991)	(24,860)	(324,151)
At 31 December					
2014	857,373	1,681,879	1,219,248	686,316	4,444,816
Net book value:					
At 31 December					
2014	200,750	666,925	997,554	301,407	2,166,636
At 1 January					
2014	185,735	834,329	1,071,715	282,935	2,374,714

11. Investments

	<i>Group</i>		<i>Company</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	£	£	£	£
Shares in subsidiary undertaking	-	-	22,951	22,951
	-	-	22,951	22,951

The subsidiary of the company at 31 December 2014 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 2014

12. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Trade debtors	7,524,441	5,694,293	6,387,376	4,846,584
Amounts owed by the ultimate parent undertaking	1,875,348	2,248,527	1,406,019	1,706,603
Amounts owed by the parent undertaking	230,580	241,692	230,580	241,692
Amounts owed by fellow subsidiary undertakings	1,102,126	889,547	995,724	736,367
Amounts owed by subsidiary			339,424	509,038
Amounts owed by associate	29,399	18,834	27,326	16,273
Value added tax recoverable	318,774	353,200	282,533	295,950
Deferred tax asset (note 8(c))	92,675	261,700	91,885	255,545
Prepayments and accrued income	2,209,051	1,144,150	899,073	954,470
Corporation tax recoverable	4,450	61,112	-	33,010
	<u>13,386,844</u>	<u>10,913,055</u>	<u>10,659,940</u>	<u>9,595,532</u>

13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Trade creditors	7,118,131	6,557,836	6,815,730	6,124,043
Amounts owed to the ultimate parent undertaking	558,398	794,032	558,398	743,278
Amounts owed to parent undertaking	115,678	96,177	108,950	91,198
Amounts owed to fellow subsidiary undertakings	3,087,583	1,365,144	1,213,975	1,004,260
Foreign tax payable	-	-	-	-
Amounts owed to subsidiary	-	-	11,042	4,374
Amounts owed to associate	48,213	12,527	48,213	12,527
Corporation tax payable	11,634	-	11,634	-
Other taxes and social security costs	268,469	329,016	255,079	314,954
Accruals and deferred income	686,011	818,510	631,012	770,998
	<u>11,894,117</u>	<u>9,973,242</u>	<u>9,654,033</u>	<u>9,065,632</u>

Notes to the financial statements

at 31 December 2014

14. Provisions for liabilities

<i>Group</i>	<i>Other £</i>
At 1 January 2014	662,153
Exchange adjustment	(4,199)
Additional provision made in the year	238,574
Utilised in the period	(140,000)
Unused amounts reversed during the period	(5,031)
At 31 December 2014	<u>751,497</u>

In the opinion of the director, it would be seriously prejudicial to disclose the nature of the other provisions.

<i>Company</i>	<i>Other £</i>
At 1 January 2014	609,686
Additional provision made in the year	220,394
Utilised in the period	(140,000)
Unused amounts reversed during the period	(5,031)
At 31 December 2014	<u>685,049</u>

15. Issued share capital

	<i>2014</i>	<i>2013</i>
<i>Allotted, called up and fully paid</i>	<i>No. £</i>	<i>No. £</i>
Ordinary shares of £1 each	2,850,000 <u>2,850,000</u>	2,850,000 <u>2,850,000</u>

16. Movement on reserves

<i>Group</i>	<i>Foreign exchange translation £</i>	<i>Profit and loss account £</i>
At 1 January 2014	542,184	7,088,294
Profit for the year		325,274
Other recognised gains and losses		(1,176,800)
Foreign exchange translation differences	(171,438)	
Dividend		
At 31 December 2014	<u>370,746</u>	<u>6,236,768</u>

Notes to the financial statements

at 31 December 2014

16. Movement on reserves (continued)

	2014	2013
	£	£
Profit and loss account excluding pension liability	8,922,368	8,834,694
Amount relating to defined benefit pension liability, net of related deferred tax	(2,685,600)	(1,746,400)
Profit and loss account	<u>6,236,768</u>	<u>7,088,294</u>
<i>Company</i>		<i>Profit and loss account</i>
		£
At 1 January 2014		4,964,048
Profit for the year		576,595
Other recognised gains and losses		(1,176,800)
At 31 December 2014		<u>4,363,843</u>
	2014	2013
	£	£
Profit and loss account excluding pension liability	7,049,443	6,710,448
Amount relating to defined benefit pension liability, net of related deferred tax	(2,685,600)	(1,746,400)
Profit and loss account	<u>4,363,843</u>	<u>4,964,048</u>

17. Capital commitments

At 31 December 2014, the company and group had entered into financial or capital commitments of £597,900 (2013 – £70,000).

18. 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.

Notes to the financial statements

at 31 December 2014

18. Pensions (continued)

FRS 17 retirement benefits

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:

	2014	2013	2012
	% per annum	% per annum	% per annum
Inflation	3.2%	3.6%	3.1%
Salary increases	0.0%	0.0%	0.0%
Rate of discount	3.6%	4.5%	4.4%
Pension in payment increases	2.5%	2.9%	2.6%
Revaluation rate for deferred pensioners	2.5%	2.9%	2.6%

The position of the scheme as calculated under FRS 17 as at 31 December 2014 is as follows:

	2014	2013	2012
	£	£	£
Equities	5,856,000	4,753,000	3,388,000
Bonds	1,757,000	2,175,000	3,173,000
Strategic investment allocation fund	3,734,000	3,604,000	3,522,000
Cash	213,000	142,000	92,000
Property	0	503,000	539,000
Total market value of assets	11,560,000	11,177,000	10,714,000
Present value of scheme liabilities	(14,917,000)	(13,360,000)	(12,862,000)
Pension deficit	(3,357,000)	(2,183,000)	(2,148,000)
Related deferred tax asset	671,400	436,600	494,040
Net pension deficit	(2,685,600)	(1,746,400)	(1,653,960)

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

	2014	2013
	£	£
Scheme liabilities at 1 January	13,360,000	12,862,000
Interest cost	602,000	569,000
Actuarial losses	1,186,000	270,000
Benefits paid and expense	(231,000)	(341,000)
Scheme liabilities at 31 December	14,917,000	13,360,000

Notes to the financial statements

at 31 December 2014

18. Pensions (continued)

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

	2014	2013
	£	£
Fair value of scheme assets at 1 January	11,177,000	10,714,000
Expected return on scheme assets	717,000	648,000
Actuarial losses	(285,000)	(26,000)
Contributions by employer	182,000	182,000
Benefits paid and expenses	(231,000)	(341,000)
Fair value of scheme assets at 31 December	<u>11,560,000</u>	<u>11,177,000</u>

The expected long term rate of return of these assets is as follows:

	2014	2013	2012
Equities	7.0%	7.0%	7.0%
Bonds	3.6%	4.4%	4.0%
Strategic investment allocation fund	7.0%	7.0%	7.0%
Cash	1.0%	1.0%	1.0%
Property	7.0%	7.0%	7.0%

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

	2014	2013
	£	£
Other finance charges:		
Interest on pension scheme liabilities	602,000	569,000
Expected return on pension scheme assets	(717,000)	(648,000)
Net finance credit	<u>(115,000)</u>	<u>(79,000)</u>
Total credit to profit and loss account	<u>(115,000)</u>	<u>(79,000)</u>

Analysis of amounts recognised in the statement of total recognised gains and losses (STRGL):

	2014	2013
	£	£
Actual return less expected return on pension scheme assets	(285,000)	(26,000)
Changes in assumptions underlying the present value of the scheme liabilities	<u>(1,186,000)</u>	<u>(270,000)</u>
Actuarial loss recognised in STRGL	<u>(1,471,000)</u>	<u>(296,000)</u>

Notes to the financial statements

at 31 December 2014

18. Pensions (continued)

History of experience gains and losses:

	2014	2013	2012	2011	2010
	£	£	£	£	£
Difference between expected and actual return on assets:					
Amount £	(285,000)	(26,000)	(416,000)	(1,110,000)	569,000
Percentage of scheme assets	(2.5%)	(0.2%)	(3.9%)	(10.8%)	5.7%
Experience gains and losses arising on scheme liabilities:					
Amount £	-	-	-	-	-
Percentage of present value of scheme liabilities	0.0%	0.0%	0.0%	0.0%	0.0%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount £	(1,186,000)	(270,000)	(665,000)	(1,246,000)	(419,000)
Percentage of present value of scheme liabilities	(8.0%)	(2.0%)	(5.2%)	(10.4%)	(4.0%)
Total amount recognised in STRGL £	(1,471,000)	(296,000)	(1,081,000)	(2,356,000)	150,000
Percentage of present value of scheme liabilities	(9.9%)	(2.2%)	(8.4%)	(19.6%)	1.4%

Movement in deficit during the year

	2014	2013
	£	£
Deficit in scheme at 1 January	(2,183,000)	(2,148,000)
Movement in the year:		
– Net finance credit	115,000	79,000
– Contributions	182,000	182,000
– Actuarial losses	(1,471,000)	(296,000)
Deficit in scheme at 31 December	<u>(3,357,000)</u>	<u>(2,183,000)</u>

The mortality assumptions adopted at 31 December 2014 imply the following life expectancies:

Male retiring at age 65 in 2014	23.5
Female retiring at age 65 in 2014	26.0

Notes to the financial statements

at 31 December 2014

19. Other financial commitments

At 31 December 2014 the group and company had annual commitments under non-cancellable operating leases as set out below:

<i>Group</i>	<i>2014</i>		<i>2013</i>	
	<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	8,313	6,053	125,926	60
In two to five years	305,390	1,656	155,168	4,070
Over five years	1,304,314	-	1,304,314	-
	<u>1,618,017</u>	<u>7,709</u>	<u>1,585,408</u>	<u>4,130</u>
<i>Company</i>				
Operating leases which expire:				
Within one year	8,313	6,053	120,967	60
In two to five years	256,500	1,656	101,825	4,070
Over five years	1,304,314	-	1,304,314	-
	<u>1,569,127</u>	<u>7,709</u>	<u>1,527,106</u>	<u>4,130</u>

20. Related party transactions

The company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 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>Purchases</i>			
			<i>Income from related party</i>	<i>form related party</i>	<i>Owed from related party</i>	<i>Owed to related party</i>
			£	£	£	£
NESH Nippon Express (Shanghai) Co Ltd	(1)	2014	60,761	170,046	29,398	48,212
NESH Nippon Express (Shanghai) Co Ltd	(1)	2013	44,386	57,685	8,965	12,526
NETH Nippon Express (Thailand) Co	(2)	2014	111,689	182,199	7,089	22,817
NETH Nippon Express (Thailand) Co	(2)	2013	170,462	375,241	34,869	48,554

Notes to the financial statements

at 31 December 2014

20. 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>
			£	£	£	£
NEIN Nippon Express (India) PVT Ltd	(2)	2014	263,431	50,116	152,847	30,685
NEIN Nippon Express (India) PVT Ltd	(2)	2013	241,758	56,427	23,138	8,366
NES Nippon Express Singapore	(2)	2014	117,326	150,502	24,223	28,111
NES Nippon Express Singapore	(2)	2013	80,475	164,752	12,659	22,495
NEVN Nippon Express (Vietnam) Co Ltd	(2)	2014	11,811	52,650	2,355	21,849
NEVN Nippon Express (Vietnam) Co Ltd	(2)	2013	10,802	23,984	1,284	1,009
NECN Nippon Express China	(2)	2014	715,541	4,376,840	100,441	1,976,456
NECN Nippon Express China	(2)	2013	498,246	1,477,995	94,087	195,099
NEM Nippon Express Malaysia	(2)	2014	138,606	604,193	27,802	129,719
NEM Nippon Express Malaysia	(2)	2013	123,502	668,007	8,533	33,622
NEPH Nippon Express Philippines	(2)	2014	71,220	84,347	13,359	29,714
NEPH Nippon Express Philippines	(2)	2013	78,387	81,744	14,447	23,700

Notes to the financial statements

at 31 December 2014

20. 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>
			£	£	£	£
NSLD Nittsu Sinotrans Log Dalian	(2)	2014	1,031	22,067	105	2,522
NSLD Nittsu Sinotrans Log Dalian	(2)	2013	13,645	3,212	471	1,237
NEID PT Nippon Express Indonesia	(2)	2014	45,860	43,591	2,678	16,730
NEID PT Nippon Express Indonesia	(2)	2013	20,442	20,467	6,188	113
NLIL PT Nittsu Lemo Indonesia	(2)	2014	100	12,117	100	2,241
NLIL PT Nittsu Lemo Indonesia	(2)	2013	419	16,189	–	3,293

- (1) Associate of the ultimate parent undertaking Nippon Express Co Limited. This is included in amounts owed by associate (note 12) and amounts owed to associate (note 13).
- (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 12) and amounts owed to fellow subsidiary undertakings (note 13).

21. Contingent liabilities

There were contingent liabilities notified by the company's bankers at the balance sheet date which amounted to £800,000 (2013 :£800,000) principally in respect of indemnities given by the bank to enable goods to be released from H M Revenue and Customs before duty has been paid.

22. 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