

Nippon Express (U.K.) Limited

Report and Accounts March 31, 1986



Arthur Young

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Chartered Accountants London



NIPPON EXPRESS (UK) LIMITED

1.

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended March 31, 1986.

Results and dividends

The trading profit for the year, after taxation, amounted to £103,675.

The directors do not recommend the payment of a dividend.

Review of business

The company's principal activity during the year was that of freight forwarders.

The directors do not envisage any change in the future. The company's turnover increased 6% to £16,237,241 during the year and the directors anticipate further growth in the future.

Fixed assets

The changes in fixed assets during the year are summarised in the notes to the accounts.

Directors and their interests

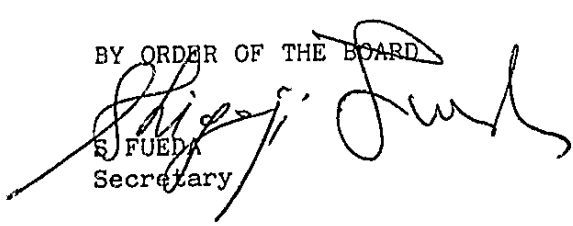
The directors at March 31, 1986 and their interests in the share capital of the company were as follows:

	At March 31, 1986 or subsequent date of appointment	At March 31, 1985
	<u>Ordinary shares</u>	<u>Ordinary shares</u>
K Hosokawa	-	-
K Kasahara	-	-
G Kimura	1	1

Auditors

A resolution to appoint Touche Ross as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD


S. FUEDA
Secretary

May 1, 1987



ARTHUR YOUNG INTERNATIONAL

Arthur Young

Chartered Accountants
Rolls House, 7 Rolls Buildings,
Fetter Lane London EC4A 3NF

REPORT OF THE AUDITORS TO THE MEMBERS OF NIPPON EXPRESS (U.K.) LIMITED

We have audited the accounts on pages 3 to 10 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at March 31, 1986 and of its results and source and application of funds for the year then ended and comply with the Companies Act 1985.

ARTHUR YOUNG

May 1, 1987

NIPPON EXPRESS (U.K.) LIMITED

3.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1986

	<u>Notes</u>	£	<u>1986</u> £	<u>1985</u> £
Turnover	2		16,237,241	15,153,836
Cost of sales			13,526,538	13,282,728
Gross profit			<u>2,710,703</u>	<u>1,871,108</u>
Distribution costs		1,007,025		661,410
Administrative expenses		<u>1,541,533</u>		<u>1,119,507</u>
			<u>2,548,558</u>	<u>1,780,917</u>
Operating profit	3		<u>162,145</u>	<u>90,191</u>
Interest receivable		668		194
Interest payable	5	<u>59,328</u>		<u>27,565</u>
			<u>(58,660)</u>	<u>(27,371)</u>
Profit on ordinary activities before taxation			103,485	62,820
Tax on profit on ordinary activities	6		<u>190</u>	<u>-</u>
Profit on ordinary activities after taxation			103,675	<u>62,820</u>
Retained profit April 1, 1985				
Balance brought forward:				15,657
As previously reported		(120,843)		(199,320)
Prior year adjustment		<u>-</u>		<u>-</u>
As restated			<u>(120,843)</u>	<u>(183,663)</u>
Balance carried forward			<u>£ (17,168)</u>	<u>£ (120,843)</u>

The notes on pages 6 to 10 form part of these accounts

NIPPON EXPRESS (U.K.) LIMITED

4.

BALANCE SHEET AT MARCH 31, 1986

	<u>Notes</u>	£	<u>1986</u> £	<u>1985</u> £
Fixed assets				
Tangible assets:	7			
Plant and machinery		122,861		53,968
Fixtures and fittings		25,808		9,127
Motor vehicles		1,120		3,808
Vehicles under finance leases and hire purchase contracts		101,290		113,388
Leasehold improvement		113,727		63,940
		-----	364,806	244,231
Investments			33	33
			-----	-----
			364,839	244,264
Current assets:				
Debtors	8	3,185,299		2,446,824
Cash at bank and in hand		285,631		181,821
		-----		-----
		3,470,930		2,628,645
Creditors: amounts falling due within one year	9	3,658,905		2,783,719
		-----		-----
Net current liabilities			(187,975)	(155,074)
Total assets less current liabilities			176,864	89,190
Creditors: amounts falling due after more than one year:				
Obligations under finance leases and hire purchase contracts	10		(44,032)	(60,033)
			-----	-----
			£132,832	£ 29,157
			=====	=====
Capital and reserves:				
Called up share capital	12		150,000	150,000
Profit and loss account (deficit)			(17,168)	(120,843)

G. KIMURA)

) Directors

K. HOSOKAWA)

May 1, 1987



£132,832
=====

£ 29,157
=====

The notes on pages 6 to 10 form part of these accounts

NIPPON EXPRESS (U.K.) LIMITED

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G. KIMURA)

K. HOSOKAWA)

May 1, 1987

Directors



The notes on pages 6 to 10 form part of these accounts

NIPPON EXPRESS (U.K.) LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED MARCH 31, 1986

	£	<u>1986</u> £	<u>1985</u> £
Source of funds:			
Profit on ordinary activities before taxation		103,485	62,820
Adjustment for items not involving the movement of funds:		80,326	54,002
Depreciation		(1,300)	540
(Gain)/loss on disposal of tangible fixed assets		<u>182,511</u>	<u>117,362</u>
Total generated from operations			
Funds from other sources:			
Increase in obligations under finance leases		-	82,129
Proceeds on disposal of tangible fixed assets		1,300	4,766
Tax refund		<u>5,480</u>	<u>-</u>
		189,291	204,257
Application of funds:			
Decrease in obligation under finance leases	2,795		-
Purchase of tangible fixed assets	<u>200,901</u>		138,599
		(203,696)	138,599
Working capital - (decrease)/increase		<u>£(14,405)</u>	<u>£ 65,658</u>
Components of (decrease)/increase in working capital:			
Stocks		-	(13,160)
Debtors		743,955	672,601
Creditors		<u>(295,657)</u>	<u>(448,061)</u>
		448,298	211,380
Movement in net liquid funds:			
Cash at bank and in hand	103,810		(156,763)
Bank overdraft	<u>(566,513)</u>		<u>11,041</u>
		(462,703)	(145,722)
		<u>£(14,405)</u>	<u>£ 65,658</u>

The notes on pages 6 to 10 form part of these accounts

NOTES TO THE ACCOUNTS AT MARCH 31, 1986

1. Accounting policies

Depreciation

Depreciation is provided on fixed assets at rates calculated to write off the cost of each asset evenly over its expected life, as follows:

Plant and equipment	-	5 years
Furniture, fixtures and fittings	-	10 years
Motor vehicles	-	4 years
Leasehold improvement	-	5 to 10 years

Stocks

Stocks of packing materials are valued at cost and shown as a prepayment.

Deferred taxation

Deferred taxation is provided by the liability method on all timing differences insofar as they are expected to reverse in the foreseeable future.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All differences are taken to the profit and loss account.

Leasing

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to profit and loss account over the period of the lease/hire purchase contract and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income as incurred.

2. Turnover

Turnover represents the total amount invoiced for services rendered, including customs duty and value added tax paid on behalf of the customers, but excluding value added tax on those services.

NISSON EXPRESS (U.K.) LIMITEDNOTES TO THE ACCOUNTS AT MARCH 31, 1986
(continued)

3. <u>Operating profit</u>	<u>1986</u> £	<u>1985</u> £
(a) This is stated after charging:		
Directors' remuneration (see below)	43,381	50,660
Auditors' remuneration	10,000	6,500
Depreciation	80,326	54,002
	=====	=====

(b) Directors' remuneration:

The emoluments of the highest paid director whose duties were discharged within the United Kingdom were £43,381 (1985 - £37,118). Other directors emoluments, excluding pension contributions, fell within the following range:

	<u>1986</u> No.	<u>1985</u> No.
£10,001 - £15,000	-	1

4. <u>Staff costs</u>	<u>1986</u> £	<u>1985</u> £
Wages and salaries	748,170	605,126
Social security costs	75,623	63,229
Other pension costs	14,823	12,674
	=====	=====
	£838,616	£681,029

The average weekly number of employees during the year was made up as follows:

	<u>1986</u> No.	<u>1985</u> No.
Office and management	45	43
Distribution	28	25
	-----	-----
	73	68
	=====	=====

5. <u>Interest payable</u>	<u>1986</u> £	<u>1985</u> £
Bank loans and overdrafts	45,501	8,733
Leasing interest	13,827	18,832
	-----	-----
	£ 59,328	£ 27,565
	=====	=====

NIPPON EXPRESS (U.K.) LIMITEDNOTES TO THE ACCOUNTS AT MARCH 31, 1986
(continued)6. Tax on profit on ordinary activities

	1986	1985
	£	£
Taxation over provided in previous years	120	-

The taxation charge has been reduced by £83,228 in respect of the utilisation of tax losses brought forward.

As stated in the accounts for the year ended March 31, 1985. "Cost of sales includes a charge of £124,187 being the net adjustment that had to be made to balances with group companies in order to bring them into line with the amounts shown in the books of the various group companies. The differences arise due to a break-down in internal control over the recording of inter-company transactions. Management have decided that it would not be cost effective to further investigate this difference to determine its precise cause".

The reduction of this years tax charge assumes that this charge is allowable as a deductible expense.

7. Tangible fixed assets

	Plant and machinery	Fixtures and fittings	Motor vehicles	Vehicles under finance leases and hire purchase contracts	Leasehold improvements	Total
	* £	* £	£	£	* £	£
Cost or valuation:						
At April 1, 1985	85,161	22,495	10,750	145,193	87,968	351,567
Additions	93,165	18,973	-	27,625	61,138	200,901
Disposals	-	(10,437)	-	-	(19,415)	(29,852)
At March 31, 1986	178,326	31,031	10,750	172,818	129,691	522,616
Depreciation:						
At April 1, 1985	31,193	13,368	6,942	31,805	24,028	107,336
Provided during the year	24,272	2,292	2,688	39,723	11,351	80,326
Disposals	-	(10,437)	-	-	(19,415)	(29,852)
At March 31, 1986	55,465	5,223	9,630	71,528	15,964	157,810
Net book value:						
At March 31, 1986	£122,861	£25,808	£ 1,120	£101,290	£113,727	£364,806
Net book value:						
At March 31, 1985	£ 53,968	£ 9,127	£ 3,808	£113,388	£ 63,940	£244,231

NOTES TO THE ACCOUNTS AT MARCH 31, 1986
(continued)

7. Tangible fixed assets
(continued)

* There have been some fixed asset reclassifications of opening year balances within certain categories to more accurately reflect assets held by the company.

The net book value of plant and machinery above of £122,861 includes an amount of £21,037 in respect of assets held under hire purchase contracts.

8. Debtors

	<u>1986</u> £	<u>1985</u> £
Trade debtors within the group	941,738	691,515
Trade debtors outside the group	1,892,270	1,686,993
Prepayments and accrued income	168,265	63,026
Income tax and duty recoverable	183,026	5,290
	-----	-----
	£3,185,299	£2,446,824
	=====	=====

9. Creditors: amounts falling due within one year

	<u>1986</u> £	<u>1985</u> £
Bank overdraft	703,780	137,267
Obligations under finance leases and hire purchase contracts (note 10)	56,198	42,992
Trade creditors within the group	1,845,125	1,145,296
Trade creditors outside the group	620,729	913,193
Other taxes and social security costs	21,371	18,591
Accruals	411,702	526,380
	-----	-----
	£3,658,905	£2,783,719
	=====	=====

10. Obligations under leases and hire purchase contracts

	<u>Finance leases</u> £
Year ending March 31, 1987	66,886
March 31, 1988	39,731
March 31, 1989	8,813

	115,430
Less: Finance charges allocated to future periods	(15,200)

	£ 100,230
	=====
Hire purchase contracts and finance leases shows as:	
Current obligations	56,198
Non-current obligations	44,032

	£ 100,230
	=====

STATEMENT OF THE ACCOUNTS AT MARCH 31, 1986
(CONTINUED)

11. Deferred taxation

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	<u>Provision</u>		<u>Not provided</u>	
	<u>1986</u> £	<u>1985</u> £	<u>1986</u> £	<u>1985</u> £
Capital allowances in advance of depreciation	43,221	21,545	-	-
Losses	(43,221)	(21,545)	-	-
	£ -	£ -	£ -	£ -
	=====	=====	=====	=====

12. Share capital

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1986</u> No.	<u>1985</u> No.	<u>1986</u>	<u>1985</u>
Ordinary shares of £1 each	300,000	300,000	£150,000	£150,000
	=====	=====	=====	=====

13. Ultimate holding company

The ultimate holding company is Nippon Express Company Limited, incorporated in Japan.

14. Capital commitments and subsequent events

	<u>1986</u>	<u>1985</u>
	£	£
Contracted	-	-
	=====	=====