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NIPPON EXPRESS (U.K.) LIMITED

REPORT AND FINANCIAL STATEMENTS

31 March 1988

Touche Ross & Co.  
Hill House  
1 Little New Street  
London  
EC4A 3TR



## NIPPON EXPRESS (U.K.) LIMITED

REPORT AND FINANCIAL STATEMENTS 1988

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# NIPPON EXPRESS (U.K.) LIMITED

## DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 31 March 1988.

### 1. REVIEW OF THE 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 to £50,214,005 during the year and the directors anticipate further growth in the future.

The trading profit for the year, before taxation, amounted to £386,629. (1987 - £176,553).

### 2. DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (1987 : £Nil). The profit after taxation of £248,621 has been transferred to reserves.

### 3. TANGIBLE FIXED ASSETS

The changes in tangible fixed assets during the year are summarised in note 7 to the accounts.

### 4. DIRECTORS AND THEIR INTERESTS

The directors who served during the year and to the date of this report are as follows:

K. Hosokawa  
K. Kasahara (resigned 25 June 1987)  
G. Kimura  
V. Sibson (appointed 1 October 1987)

None of the directors had any beneficial interest in the share capital of the company.

### 5. AUDITORS

A resolution to re-appoint Touche Ross & Co. as auditors will be proposed at the forthcoming Annual General Meeting.

By order of the Board



K. MIYA

Secretary

24 July 1989

## AUDITORS' REPORT TO THE MEMBERS

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1988 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Source from           

24 July 1989

$\int_{\mathbb{R}^n} |\nabla u|^2 dx \leq \int_{\mathbb{R}^n} |\nabla v|^2 dx$  and  $\int_{\mathbb{R}^n} |\nabla u|^2 dx = \int_{\mathbb{R}^n} |\nabla v|^2 dx$  if and only if  $u = v$  a.e. in  $\mathbb{R}^n$ .

# HIPPON EXPRESS (U.K.) LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 March 1988

	Note	£	1988 £	£	1987 £	£
Turnover	2		50,214,005		29,554,475	
Cost of sales			<u>44,341,718</u>		<u>25,900,193</u>	
Gross profit			5,872,287		3,654,282	
Distribution costs		2,761,369		1,253,645		
Administrative expenses		<u>2,836,289</u>		<u>2,202,910</u>		
			<u>5,597,658</u>		<u>3,456,555</u>	
Operating profit	3		274,629		197,727	
Interest receivable		144,503		6,408		
Interest payable	5	<u>(32,503)</u>		<u>(27,582)</u>		
			<u>112,000</u>		<u>(21,174)</u>	
Profit on ordinary activities before taxation			386,629		176,553	
Tax on profit on ordinary activities	6		<u>138,008</u>		<u>124,243</u>	
Profit on ordinary activities after taxation			248,621		52,310	
Balance brought forward			<u>35,142</u>		<u>(17,168)</u>	
Balance carried forward			<u>£ 283,763</u> =====		<u>£ 35,142</u> =====	


# NIPPON EXPRESS (U.K.) LIMITED

## BALANCE SHEET 31 March 1988

	Note	£	1988	£	1987	£
<b>FIXED ASSETS</b>						
Tangible fixed assets	7		579,533		405,511	
Investments			<u>33</u>		<u>33</u>	
			579,566		405,544	
<b>CURRENT ASSETS</b>						
Debtors	8	8,070,841		4,677,200		
Cash at bank and in hand		<u>1,452,040</u>		<u>293,484</u>		
		9,522,881		4,970,684		
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>9,521,411</u>		<u>5,107,471</u>		
NET CURRENT LIABILITIES			( 1,470)		(136,787)	
TOTAL ASSETS LESS CURRENT LIABILITIES			581,036		268,757	
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10		132,288		78,715	
PROVISION FOR LIABILITIES AND CHARGES	12		<u>14,985</u>		<u>4,900</u>	
			£433,763		£185,142	
			=====		=====	
<b>CAPITAL AND RESERVES</b>						
Called up share capital	13		150,000		150,000	
Profit and loss account			<u>283,763</u>		<u>35,142</u>	
			£433,763		£185,142	
			=====		=====	

The financial statements were approved by the Board of Directors on 24 July 1989.

G. KIMURA  Directors

K. HOSOKAWA 

# NIPPON EXPRESS (U.K.) LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS Year ended 31 March 1988

	1988 £	1987 £
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	386,629	176,553
Adjustments for items not involving the movement of funds:		
Depreciation	139,393	120,650
(Gain)/loss on disposal of tangible fixed assets	<u>(1,863)</u>	<u>82,106</u>
Total generated from operations	524,159	379,309
Increase in obligations under finance leases	104,633	60,617
Proceeds on disposal of tangible fixed assets	17,509	5,850
Increase in creditors	<u>4,300,594</u>	<u>1,494,861</u>
	<u>4,946,895</u>	<u>1,940,637</u>
APPLICATION OF FUNDS		
Tax paid	17,579	-
Purchase of tangible fixed assets	329,061	249,311
Increase in debtors	<u>3,393,641</u>	<u>1,491,901</u>
	<u>3,740,281</u>	<u>1,741,212</u>
INCREASE IN NET LIQUID FUNDS	£1,206,614 =====	£ 199,425 =====

(Net liquid funds comprise bank balances less bank overdrafts).

# NIPPON EXPRESS (U.K.) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 March 1988

### 1. ACCOUNTING POLICIES

#### (a) Accounting policies

The financial statements are prepared under the historical cost convention.

#### (b) 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 improvements	-	5 to 10 years

All assets less than £500 are expensed to the profit and loss account.

#### (b) Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

#### (c) 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.

#### (d) 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.

### 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.



# NIPPON EXPRESS (U.K.) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 March 1988

### 3. OPERATING PROFIT

	1988 £	1987 £
This is stated after charging:		
Auditors' remuneration	30,000	15,000
Depreciation:		
- Own assets	52,083	55,473
- Assets held under finance leases and hire purchase agreements	87,310	65,177
	=====	=====

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1988	1987
Directors' emoluments	£ 80,342 =====	£ 50,640 =====
Remuneration of the chairman and the highest paid director	£ 80,342 =====	£ 50,640 =====
Scale of other directors' remuneration:	No.	No.
£ 0 - £ 5,000	3 ===	2 ===
Employee costs during the year:	£	£
Wages and salaries	1,281,861	929,364
Social security costs	128,436	97,626
Other pension costs	35,392	38,551
	=====	=====
	£1,445,689	£1,065,541

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

	1988 No.	1987 No.
Office and management	79	53
Distribution	36	33
	115 ===	86 ===

# NIPPON EXPRESS (U.K.) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 March 1988

### 5. INTEREST PAYABLE

	1988 £	1987 £
Bank loans and overdrafts	7,349	10,206
Finance charges- finance leases and hire purchase obligations	<u>25,154</u>	<u>17,376</u>
	<u>£ 32,503</u>	<u>£ 27,582</u>

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1988 £	1987 £
United Kingdom corporation tax at 35% based on profit for the year (1987 - 35%)	161,823	119,343
Deferred taxation	5,894	(2,106)
Adjustment in respect of prior years	<u>(29,709)</u>	<u>7,006</u>
	<u>£138,008</u>	<u>£124,243</u>

The tax charge is high in relation to profits due to the add back of certain non deductible items for tax purposes.

### 7. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Leasehold improvements £	Total £
Cost:					
At 1 April 1987	59,049	7,072	296,422	169,084	641,627
Additions	125,202	-	169,281	34,578	329,061
Disposals	<u>(590)</u>	<u>(7,072)</u>	<u>(30,380)</u>	<u>(2,484)</u>	<u>(40,526)</u>
At 31 March 1988	<u>293,661</u>	<u>-</u>	<u>435,323</u>	<u>201,178</u>	<u>930,162</u>
Depreciation:					
At 1 April 1987	75,768	901	121,155	38,292	236,116
Provided during the year	37,263	707	75,989	25,434	139,393
Disposals	<u>(152)</u>	<u>(1,608)</u>	<u>(22,119)</u>	<u>(1,001)</u>	<u>(24,880)</u>
At 31 March 1988	<u>112,879</u>	<u>-</u>	<u>175,025</u>	<u>62,725</u>	<u>350,629</u>
Net book value:					
At 31 March 1988	<u>£180,782</u>	<u>£ -</u>	<u>£260,298</u>	<u>£138,453</u>	<u>£579,533</u>
At 31 March 1987	<u>£ 93,281</u>	<u>£6,171</u>	<u>£175,257</u>	<u>£130,792</u>	<u>£405,511</u>

The net book value of fixed assets includes an amount of £315,221 in respect of assets held under finance leases and hire purchase contracts.

# NIPPON EXPRESS (U.K.) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 March 1988

### 8. DEBTORS

	1988 £	1987 £
Trade debtors	5,768,636	3,260,640
Amounts owed by group companies	1,739,018	1,078,490
Prepayments and accrued income	328,451	134,324
Income tax and duty recoverable	<u>234,736</u>	<u>203,737</u>
	£8,070,841	£4,677,200
	=====	=====

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1988 £	1987 £
Bank overdraft	464,150	512,208
Obligations under finance leases and hire purchase contracts (note 11)	133,192	82,132
Trade creditors	1,220,368	1,115,920
Amounts owed to group companies	5,900,251	2,643,032
Corporation tax	229,687	119,343
Other taxes and social security costs	49,808	35,190
Accruals	<u>1,523,955</u>	<u>599,646</u>
	£9,521,411	£5,107,471
	=====	=====

### 10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1988	1987
Obligations under finance leases and hire purchase contracts (see note 11)	£132,288	£78,715
	=====	=====

# **NIPPON EXPRESS (U.K.) LIMITED**

## **NOTES TO THE ACCOUNTS** **Year ended 31 March 1988**

### **11. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS**

	£
Minimum lease payments payable:	
Within one year	152,448
Within two to five years	<u>151,383</u>
	303,831
Less: Finance charges allocated to future periods	<u>38,351</u>
	£265,480
	=====
Hire purchase contracts and finance leases shown as:	
Current obligation	133,192
Non-current obligations	<u>132,288</u>
	£265,480
	=====

### **12. DEFERRED TAXATION**

Deferred taxation provided in the financial statements and the amounts not provided are:

	Provided		Not provided	
	1988	1987	1988	1987
	£	£	£	£
Capital allowances in advance of depreciation	11,872	4,900	-	-
Gain deferred by held over relief	<u>3,113</u>	<u>-</u>	<u>-</u>	<u>-</u>
	£14,985	£ 4,900	£ -	£ -
	=====	=====	=====	=====

Deferred taxation movement for the year:

	£
Balance of provision at 1 April 1987	4,900
Current year charge	<u>5,894</u>
	10,794
Adjustment in respect of prior year	<u>4,191</u>
	£14,985
	=====

# NIPPON EXPRESS (U.K.) LIMITED

NOTES TO THE ACCOUNTS  
Year ended 31 March 1988

## 13. CALLED UP SHARE CAPITAL:

1988

Authorised, allotted and fully paid:  
300,000 ordinary shares of £1 each

£300,000  
\*\*\*\*\*

## 14. ULTIMATE HOLDING COMPANY

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