

Wilson & Co (UK) Limited
(formerly trading as
HR Embassy Freight Services Limited)

621547

Annual report
for the nine month period ended 31 December 1995

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Wilson & Co (UK) Limited **(formerly trading as** **HR Embassy Freight Services Limited)**

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Directors' report **for the nine month period ended 31 December 1995**

The directors present their report and the audited financial statements for the nine month period ended 31 December 1995.

Principal activity

The principal activity of the company is international freight forwarding by land, sea and air.

Review of business

Both the level of business and the year end financial position were satisfactory with regard to the changes during the period. The directors expect to increase the present level of activity in the future.

The profit and loss account for the year is set out on page 4.

Significant events during the period

On the 25 May 1995 the entire share capital of the company was sold by Hogg Robinson plc to Bilspedition Transport & Logistics (BTL) Limited.

The company on the 31 May 1995 changed its accounting period to 31 December 1995. The attached financial statements have therefore been prepared for nine months.

With effect from 30 September 1995 the assets and liabilities at book value and the trade of Wilson Embassy Limited, a fellow subsidiary of Bilspedition Transport & Logistics Limited, were transferred to the company.

Change of name

On the 19 September 1995 the company by special resolution changed its name to Wilson & Co (UK) Limited.

Directors and directors' interests

The following directors held office during the period under review:

A L Guy	(resigned 20 September 1996)
J Simpson	
C C Holmes	(resigned 31 May 1995)
A D Lloyd	(resigned 31 May 1995)
D M Norbury	(resigned 31 May 1995)
N Bell	(resigned 1 August 1995)
H A Von Sydow	(appointed 1 June 1995)
J B Gerdrup	(appointed 1 June 1995)
B M Wyeth	(appointed 1 June 1995)
G A J Burgin	(appointed 1 June 1995)
L J Holden	(appointed 14 August 1995)
K L Fitzgerald	(appointed 25 September 1995)

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No director held any interest in the shares at 31 December 1995 or at any time during the period.

Dividends and transfers to reserves

The directors are unable to recommend the payment of a dividend. The loss for the year of £659,428 (1995: £14,747) will be added to the accumulated deficit.

Changes in fixed assets

The movement in tangible fixed assets during the period is set out in note 12 to the accounts. Details of fixed asset investments, which did not move during the period are set out in note 13 to the accounts.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

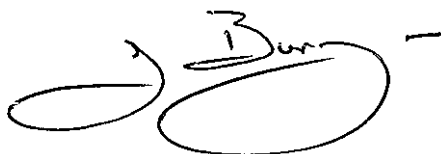
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the nine month period ended 31 December 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'B. J. ...', written over a large, loopy circular flourish.

Company secretary

31 October 1996

Report of the auditors to the members of Wilson & Co (UK) Limited (formerly trading as HR Embassy Freight Services Limited)

We have audited the financial statements on pages 4 to 13.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

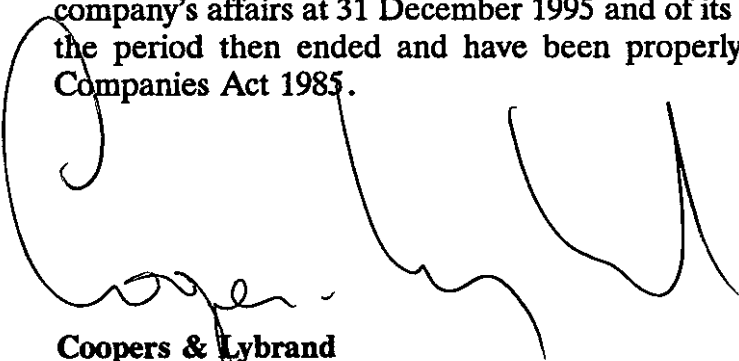
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1995 and of its loss, and total recognised losses, for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand
Chartered Accountants and Registered Auditors
London**

31 October 1996

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Profit and loss account
for the nine month period ended 31 December 1995

	Notes	9 months to 31 December 1995 £	12 months to 31 March 1995 £
Turnover	4	11,540,879	15,489,220
Cost of sales		(8,654,496)	(15,326,479)
Gross profit		2,886,383	162,741
Net operating expenses	5	(3,364,555)	(171,275)
Exceptional operating loss	6	(111,123)	-
Operating loss		(589,295)	(8,534)
Interest payable and similar charges	9	(70,133)	-
Loss on ordinary activities before taxation	10	(659,428)	(8,534)
Tax on loss on ordinary activities	11	-	(6,213)
Retained loss for the period	18	(659,428)	(14,747)

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above, and their historical cost equivalents.

All operations are continuing.

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Balance sheet
at 31 December 1995

	Notes	31 December 1995 £	31 March 1995 £
Fixed assets			
Tangible assets	12	795,084	675,179
Investments	13	500	500
		<u>795,584</u>	<u>675,679</u>
Current assets			
Debtors	14	5,594,747	-
Cash at bank and in hand		235,266	-
		<u>5,830,013</u>	<u>-</u>
Creditors: amounts falling due within one year	15	<u>(6,342,229)</u>	<u>(183,544)</u>
Net current liabilities		<u>(512,216)</u>	<u>(183,544)</u>
Total assets less current liabilities		<u>283,368</u>	<u>492,135</u>
Creditors: amounts falling due after more than one year	16	<u>(505,201)</u>	<u>(54,540)</u>
Net (liabilities)/assets		<u><u>(221,833)</u></u>	<u><u>437,595</u></u>
Capital and reserves			
Called up share capital	17	12,500	12,500
Unrealised reserve - goodwill	18	(208,204)	(251,435)
Profit and loss account	18	(26,129)	676,530
Equity shareholders' funds	19	<u><u>(221,833)</u></u>	<u><u>437,595</u></u>

The financial statements on pages 4 to 13 were approved by the board of directors on 31 October 1996 and were signed on its behalf by:



Director

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Notes to the financial statements
for the nine month period ended 31 December 1995

1 Basis of preparation of financial statements

The company has received assurances from Bilspedition AB, the ultimate holding company, that sufficient funds will be made available to meet the company's requirements for at least one year from the date of these accounts. Accordingly, these financial statements have been prepared on a going concern basis.

2 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Cash flow statement

A cash flow statement has not been prepared since the company is a wholly owned subsidiary of Bilspedition Transport & Logistics Limited, a company which presents a consolidated cash flow statement in its financial statements in accordance with Financial Reporting Standard No 1.

Purchased goodwill

Purchased goodwill is amortised to the realised profit and loss reserve over its estimated useful economic life which does not exceed twenty years.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is provided on the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over their estimated useful economic lives as follows:

	Years
Fixtures, fittings and equipment	5-7
Motor vehicles	5

Leasehold improvements are amortised over 50 years or, if shorter, the period of the lease.

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Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Turnover

Turnover, which excludes value added tax and duty, represents the invoiced value in respect of freight forwarding services provided.

Deferred taxation

Deferred taxation is calculated using the liability method on the excess of taxation allowances over depreciation charged on qualifying fixed assets and on other short-term timing differences to the extent to which they are expected to reverse in the foreseeable future.

Pension scheme arrangements

The company contributes to a defined contribution pension scheme. Contribution by both employees and the company are made to a group administered pension fund. Employer's contributions to the schemes are charged to the profit and loss account in the period in which they become payable.

The company provides no other post retirement benefits to its employees.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the exchange rate ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction and exchange gains or losses arising on transaction are reported as part of the operating results for the year.

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3 Management agreement

The company had, until the 25 May 1995, been party to a management agreement with Hogg Robinson Transport Limited, its former parent company. Under the terms of this agreement, the parent company agreed to manage the business of the Company, and to provide certain management services in return for receiving a management fee equal to the total of all revenues earned by the Company less the amount of any rental paid in respect of depreciation of fixed assets retained by the Company. The parent company was also responsible for the collection and settlement of debtors and creditors arising from the turnover. On this basis, no comparatives have been disclosed in the accounts.

4 Turnover

Turnover consists entirely of sales made in the United Kingdom.

5 Net operating expenses

	9 months to 31 December 1995 £	12 months to 31 March 1995 £
Distribution costs	530,827	-
Administrative expenses	2,833,728	171,275
	<u>3,364,555</u>	<u>171,275</u>

6 Exceptional operating losses

An exceptional operating loss of £111,123 (1995: £nil) was incurred due to the write off of the net book value of leasehold improvements on a property lease terminated as part of the sale/purchase agreement in May 1995.

7 Directors' emoluments

	9 months to 31 December 1995 £	12 months to 31 March 1995 £
Emoluments (including pension contributions and benefits in kind)	<u>207,502</u>	<u>97,542</u>

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Emoluments (excluding pension contributions) include amounts paid to:

	9 months to December 1995	12 months to 31 March 1995
	£	£
The chairman	-	-
The highest paid director	<u>42,577</u>	<u>46,724</u>

The number of directors (including the chairman and the highest paid director) who received emoluments (excluding pension contributions) within the following ranges was:

	9 months to 31 December 1995 Number	12 months to 31 March 1995 Number
£Nil - £5,000	6	5
£10,001 - £15,000	1	-
£20,001 - £25,000	1	-
£30,001 - £35,000	1	-
£35,001 - £40,000	1	-
£40,001 - £45,000	2	-
£45,001 - £50,000	-	2
	<u> </u>	<u> </u>

8 Employee information

	9 months to 31 December 1995 £	12 months to 31 March 1995 £
Wages and salaries	1,518,530	-
Social security costs	142,542	-
Other pension costs	56,908	-
	<u>1,717,980</u>	<u> </u>

The average weekly number of persons employed by the company, excluding directors during the period was 125 (1995: Nil).

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9 Interest payable and similar charges

	9 months to 31 December 1995 £	12 months to 31 March 1995 £
On loans, repayable within 5 years, by instalments	<u>70,133</u>	<u>NIL</u>

10 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	9 months to 31 December 1995 £	12 months to 31 March 1995 £
Depreciation		
- owned tangible assets	80,448	105,311
- tangible fixed assets held under finance leases and hire purchase contracts	48,980	57,430
Auditors' remuneration	32,000	16,000
Hire of plant and machinery - operating leases	148,971	145,388
Hire of other assets - operating leases	301,973	319,780
(Profit)/loss on disposal of fixed assets	<u>(2,813)</u>	<u>8,534</u>

11 Tax on loss on ordinary activities

	9 months to 31 December 1995 £	12 months to 31 March 1995 £
United Kingdom corporation tax at 33% (1995: 33%)		
Current	-	22,162
Deferred	-	(16,687)
(Over)/under provisions in respect of prior years:		
Current	-	(847)
Deferred	-	1,585
	<u>-</u>	<u>6,213</u>

Deferred tax charges relate to the excess of tax allowances over depreciation, and other timing differences.

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12 Tangible fixed assets

	Long leasehold properties £	Short leasehold properties £	Fixtures fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 1995	222,452	264,163	746,416	272,863	1,505,894
Additions	-	326,951	159,234	34,302	520,487
Disposals	(222,452)	(138,773)	-	(24,870)	(386,095)
Intercompany transfer	-	-	37,382	-	37,382
At 31 December 1995	-	452,341	943,032	282,295	1,677,668
Depreciation					
At 1 April 1995	24,637	67,672	607,090	131,316	830,715
Charge for period	1,056	27,081	57,032	44,259	129,428
Disposals	(25,693)	(44,429)	-	(17,261)	(87,383)
Intercompany transfer	-	-	9,824	-	9,824
At 31 December 1995	-	50,324	673,946	158,314	882,584
Net book value					
At 31 December 1995	-	402,017	269,086	123,981	795,084
At 31 March 1995	197,815	196,491	139,326	141,547	675,179

The net book value of tangible fixed assets includes an amount of £123,981 in respect of assets held under hire purchase contracts, the depreciation charge in respect of these assets was £48,980.

13 Fixed asset investment

	31 December 1995 £	31 March 1995 £
Unlisted investment at cost	500	500

14 Debtors

	31 December 1995 £	31 March 1995 £
Trade debtors	3,826,987	-
Amounts owed by group companies	750,602	-
Other debtors	156,946	-
Prepayment and accrued income	852,071	-
Corporation tax	8,141	-
	5,594,747	-

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15 Creditors: amounts falling due within one year

	31 December 1995 £	31 March 1995 £
Bank loans and overdraft	1,270	-
Trade creditors	953,874	-
Obligation under finance leases	59,887	-
Amount owing to group companies	2,107,743	161,382
Corporation tax	-	22,162
Other taxation and social security	145,837	-
Other creditors	40,283	-
Accruals and deferred income	3,033,335	-
	<u>6,342,229</u>	<u>183,544</u>

16 Creditors: amounts falling due after more than one year

	31 December 1995 £	31 March 1995 £
Obligations under finance leases	40,201	54,540
Amounts owing to group companies	465,000	-
	<u>505,201</u>	<u>54,540</u>
The net finance lease obligations to which the company is committed are:		
In one year or less	59,887	-
Between two and five years	40,201	54,540
	<u>100,088</u>	<u>54,540</u>

17 Called up share capital

	31 December 1995 £	31 March 1995 £
Authorised, allotted, called up and fully paid		
12,500 ordinary shares of £1 each	<u>12,500</u>	<u>12,500</u>

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18 Profit and loss account

	Unrealised reserve - goodwill £	Profit and loss account £
At 1 April 1995	(251,435)	676,530
Loss for the year	-	(659,428)
Amortisation of purchased goodwill	43,231	(43,231)
	<u> </u>	<u> </u>
At 31 December 1995	<u>(208,204)</u>	<u>(26,129)</u>

19 Reconciliation of movements in shareholders' funds

	31 December 1995 £	31 March 1995 £
Opening shareholders' funds	437,595	452,342
(Loss) for the financial year	(659,428)	(14,747)
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>(221,833)</u>	<u>437,595</u>

20 Financial commitments

At 31 December 1995, the company had annual commitments under non-cancellable operating leases as follows:

	31 December 1995		31 March 1995	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Expiring within one year	5,900	-	-	-
Expiring between two and five years inclusive	20,720	202,022	5,900	139,512
Expiring in over five years	625,575	-	294,865	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>652,195</u>	<u>202,022</u>	<u>300,765</u>	<u>139,512</u>

21 Ultimate and immediate parent companies

The ultimate parent company is Bilspedition AB (PUBL), a company registered in Sweden. The consolidated accounts of Bilspedition AB may be obtained from their offices in Gothenburg.

The immediate parent company for which group accounts including Wilson & Co (UK) Limited are drawn up is Bilspedition Transport & Logistics (BTL) Limited which is registered in England and Wales.