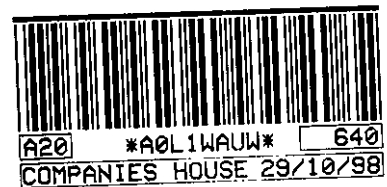


Registered no: 621547

Wilson & Co (UK) Limited

**Annual report
for the year ended 31 December 1997**



Wilson & Co (UK) Limited

Annual report for the year ended 31 December 1997

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**Directors and advisers
for the period to 31 December 1997**

Directors

J A Simpson
H A Von Sydow
J B Gerdrup
B M Wyeth
K L Fitzgerald
G A J Burgin
L J Holden

Registered office

Unit 5 & 6
Parkway Trading Estate
Cranford
Hounslow
Middlesex
TW5 9QA

Auditors

PricewaterhouseCoopers
Harman House
1 George Street
Uxbridge
UB8 1QQ

Bankers

Skandinaviska Enskilda Banken
2 Cannon Street
London
EC4M 6XX

Directors' report for the year ended 31 December 1997

The directors present their report and the audited financial statements for the year ended 31 December 1997.

Principal activity

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

Review of business and future developments

The losses in 1996 extended through 1997 as the market continued to be extremely competitive. Further infrastructure developments and higher corporate costs in excess of expectations added to the losses for the period. Action was taken in early 1998 to address these issues which will be reflected in the performance of the company in the current trading year.

The profit and loss account for the year is set out on page 5.

Directors and directors' interests

The following directors held office during the year under review:

J A Simpson	
H A Von Sydow	
J B Gerdrup	
B M Wyeth	
G A J Burgin	(resigned 29 May 1998)
L J Holden	(resigned 11 March 1998)
K L Fitzgerald	

No director held any interest in the shares at 31 December 1997 or at any time during the year.

M Carr was appointed as a director and company secretary on 26 May 1998.

Dividends and transfers to reserves

The directors are unable to recommend the payment of a dividend. The loss for the year of £1,960,826 (1996: £775,252) will be added to the accumulated deficit.

Creditors payment policy

The company policy is to pay creditors according to the terms stipulated by the supplier. Individual supplier terms may vary, with haulage and shipping suppliers typically requiring fourteen day settlement. Normal trade creditors and airlines typically extend thirty days credit. Payment is made against approved supplier invoices only and must be supported by supplier statement or similar payment request.

The number of creditor days in relation to trade creditors outstanding at the end of the year was 32 days.

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 year ended 31 December 1997. 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

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998, following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers, as auditors. A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the board



M Carr

Director

21/10/1998

Report of the auditors to the members of Wilson & Co (UK) Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 3 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 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

London
23 October 1998

**Profit and loss account
for the year ended 31 December 1997**

		1997 £	1996 £
Turnover	3	24,822,555	22,083,444
Cost of sales		(21,109,904)	(18,107,702)
Gross profit		<u>3,712,651</u>	<u>3,975,742</u>
Operating expenses	4	(5,578,685)	(4,782,257)
Other operating income		-	68,577
Operating loss		<u>(1,866,034)</u>	<u>(737,938)</u>
Interest receivable		-	2,742
Interest payable and similar charges	7	(83,799)	(47,751)
Loss on ordinary activities before taxation	8	<u>(1,949,833)</u>	<u>(782,947)</u>
Tax on loss on ordinary activities	9	(10,993)	7,695
Loss for the period	16	<u><u>(1,960,826)</u></u>	<u><u>(775,252)</u></u>

The company has no recognised 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 year stated above, and their historical cost equivalents.

All operations are continuing.

**Balance sheet
at 31 December 1997**

		1997 £	1996 £
Fixed assets			
Tangible assets	10	942,676	1,087,407
Investments	11	-	-
		<u>942,676</u>	<u>1,087,407</u>
Current assets			
Debtors	12	5,478,552	6,039,593
Cash at bank and in hand		28,967	16,367
		<u>5,507,519</u>	<u>6,055,960</u>
Creditors: amounts falling due within one year	13	(8,917,062)	(5,168,655)
Net current (liabilities)/assets		<u>(3,409,543)</u>	<u>887,305</u>
Total assets less current liabilities		<u>(2,466,867)</u>	<u>1,974,712</u>
Creditors: amounts falling due after more than one year	14	(3,544)	(2,484,297)
Net liabilities		<u>(2,470,411)</u>	<u>(509,585)</u>
Capital and reserves			
Called up share capital	15	500,000	500,000
Unrealised reserve - goodwill	16	(92,922)	(150,563)
Profit and loss account	16	(2,877,489)	(859,022)
Equity shareholders' funds	17	<u>(2,470,411)</u>	<u>(509,585)</u>

The financial statements on pages 5 to 14 were approved by the board of directors on
and were signed on its behalf by:



**B M Wyeth
Director**

24/10/ 1998

Notes to the financial statements for the year ended 31 December 1997

1 Basis of preparation of financial statements

The company has received assurances from BTL AB (publ), the ultimate holding company, that sufficient funds will be made available to meet the company's requirements for at least twelve months 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, being a wholly owned subsidiary undertaking of the ultimate parent BTL AB (publ), which publishes consolidated financial statements including this company, is exempt from doing so by 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
Motor vehicles	5

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

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 the 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.

3 Turnover

Turnover by geographical area is analysed below:

	1997 £	1996 £
United Kingdom	22,092,074	18,770,927
Rest of Europe	744,677	883,338
Other	1,985,804	2,429,179
	<u>24,822,555</u>	<u>22,083,444</u>

4 Operating expenses

	1997 £	1996 £
Distribution costs	3,906,966	3,607,139
Administrative expenses	1,671,719	1,175,118
	<u>5,578,685</u>	<u>4,782,257</u>

5 Directors' emoluments

	1997 £	1996 £
Aggregate emoluments (including benefits in kind)	303,929	334,185
Contributions to money purchase schemes	35,577	36,029
Compensation for loss of office	-	33,960
	<u>339,506</u>	<u>404,174</u>

	1997	1996
Number of directors who are members of a money purchase pension scheme	5	6

Emoluments include amounts paid to:

	1997 £	1996 £
The highest paid director:		
Emoluments	81,241	80,425
Contributions under money purchase schemes	13,090	13,090
	<u>94,331</u>	<u>93,515</u>

6 Employee information

	1997 £	1996 £
Wages and salaries	2,920,565	2,916,113
Social security costs	297,920	270,553
Other pension costs	105,752	90,164
	<u>3,324,237</u>	<u>3,276,830</u>

The average weekly number of persons employed by the company, excluding directors during the period was 160 (1996: 171).

7 Interest payable and similar charges

	1997 £	1996 £
On loans, repayable within 5 years, by instalments	80,974	43,698
On finance leases	2,825	4,053
	<u>83,799</u>	<u>47,751</u>

8 Loss on ordinary activities before taxation

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

	1997 £	1996 £
Depreciation		
- owned tangible assets	220,011	174,191
- tangible fixed assets held under finance leases and hire purchase contracts	30,107	45,232
Auditors' remuneration for:		
- audit	38,500	34,347
- other services	52,981	8,750
Hire of plant and machinery - operating leases	58,696	225,204
Hire of other assets - operating leases	39,017	634,595
(Profit)/loss on disposal of fixed assets	(10,874)	2,137
	<u>(10,874)</u>	<u>2,137</u>

9 Tax on loss on ordinary activities

There is no tax charge for the year (1996: £Nil) due to the loss for the period for which no deferred tax asset is recognised.

	1997 £	1996 £
UK corporation tax at 31.5% (1996 : 33%)		
Current	-	-
Prior year adjustments	10,993	(7,695)
	<u>10,993</u>	<u>(7,695)</u>

10 Tangible fixed assets

	Short leasehold properties £	Fixtures fittings & equipment £	Motor vehicles £	Total £
Cost				
At 31 December 1996	546,231	1,373,966	168,902	2,089,099
Additions	43,140	84,534	-	127,674
Disposals	(55,700)	(253,298)	(52,827)	(361,825)
At 31 December 1997	533,671	1,205,202	116,075	1,854,948
Depreciation				
At 31 December 1996	108,547	783,551	109,594	1,001,692
Charge for period	68,789	156,274	25,055	250,118
Disposals	(40,489)	(251,454)	(47,595)	(339,538)
At 31 December 1997	136,847	688,371	87,054	912,272
Net book value				
At 31 December 1997	396,824	516,831	29,021	942,676
At 31 December 1996	437,684	590,415	59,308	1,087,407

The net book value of tangible fixed assets includes an amount of £29,021 (1996: £59,308) in respect of assets held under hire purchase contracts, the depreciation charge in respect of these assets was £30,107 (1996: £45,232).

11 Fixed asset investment

	1997 £	1996 £
Unlisted investment at cost		
At 1 January 1997	-	500
Disposal	-	(500)
At 31 December 1997	-	-

12 Debtors

	1997 £	1996 £
Trade debtors	3,938,697	5,184,128
Amounts owed by group companies	416,926	541,909
Other debtors	184,458	185,226
Prepayment and accrued income	911,464	90,337
Corporation tax	27,007	37,993
	5,478,552	6,039,593

13 Creditors: amounts falling due within one year

	1997 £	1996 £
Bank loans and overdraft	2,079,858	1,406,153
Trade creditors	1,855,848	387,377
Obligation under finance leases	15,778	20,832
Amount owing to group companies	2,663,972	106,396
Taxation and social security	112,516	113,000
Other creditors	117,619	106,695
Accruals and deferred income	2,071,471	3,028,202
	<u>8,917,062</u>	<u>5,168,655</u>

14 Creditors: amounts falling due after more than one year

	1997 £	1996 £
Obligations under finance leases	3,544	19,297
Amounts owing to group companies	-	2,465,000
	<u>3,544</u>	<u>2,484,297</u>

The finance lease obligations to which the company is committed are:

In one year or less	15,778	20,832
Between two and five years	3,544	19,297
	<u>19,322</u>	<u>40,129</u>

15 Called up share capital

	1997 £	1996 £
Authorised		
500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted called up and fully paid		
Ordinary shares of £1 each		
At 1 January	500,000	12,500
Issued during year	-	487,500
	<u>500,000</u>	<u>500,000</u>
At 31 December		

Following the year end 1,500,000 shares of £1 each were issued on 7 April 1998 at par, for cash to the immediate parent company.

16 Reserves

	Unrealised reserve - goodwill £	Profit and loss account £
At 1 January 1997	(150,563)	(859,022)
Loss for the year	-	(1,960,826)
Amortisation of purchased goodwill	57,641	(57,641)
At 31 December 1997	<u>(92,922)</u>	<u>(2,877,489)</u>

17 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Opening shareholders' funds	(509,585)	(221,833)
Issue of share capital	-	487,500
Loss for the financial year	<u>(1,960,826)</u>	<u>(775,252)</u>
Closing shareholders' funds	<u>(2,470,411)</u>	<u>(509,585)</u>

18 Pension scheme

The company operates a Money Purchase pension scheme. The assets of the scheme are held and administered by The Standard Life Assurance Company. The total pension cost charge represents contributions payable by the company to the scheme and in the year amounted to £105,752 (1996: £90,164).

19 Financial commitments

At 31 December 1997, the company had annual commitments under non-cancellable operating leases as follows:

	31 December 1997		31 December 1996	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Expiring within one year	18,720	115,592	110,000	1,048
Expiring between two and five years inclusive	124,735	144,253	131,705	258,512
Expiring in over five years	425,385	-	404,140	-
	<u>568,840</u>	<u>259,845</u>	<u>645,845</u>	<u>259,560</u>

20 Contingent liabilities

The company has given certain indemnities in respect of customs and freight dues totalling £1,662,375 (1996: £840,000).

21 Ultimate and immediate parent companies

The ultimate parent company is BTL AB (publ), a company registered in Sweden. The principal place of business of BTL AB (publ) is SE 412 97 Goteborg, Sweden, Folkenbergsgatan 3. Wilson & Co (UK) Limited is consolidated into the group accounts of BTL AB (publ), which may be obtained from their offices in Goteborg.

The immediate parent company which owns 100% of Wilson & Co (UK) Limited, is Bilspedition Transport & Logistics (BTL) Limited which is registered in England and Wales.

22 Related party transactions

The company has taken advantage of the exemption provided in FRS 8 for subsidiary undertakings, 90% or more of which voting rights are controlled within the group.

Accordingly, transactions with group companies are not disclosed in detail.