

Wilson & Co (UK) Limited

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Annual report for the year ended 31 December 1996

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**Directors' report
for the year ended 31 December 1996**

The directors present their report and the audited financial statements for the year ended 31 December 1996.

Principal activity

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

Review of business and future developments

The 1996 year saw strong growth and intense development particularly within the areas of Sales and Marketing and IT. New products were launched and new computer software was installed. This increase in the infrastructure together with a very competitive market has resulted in losses which have extended through 1997. Action is being taken in 1998 to address this situation.

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

Directors and directors' interests

The following directors held office during the year under review:

A L Guy	(resigned 20 September 1996)
J A Simpson	
H A Von Sydow	
J B Gerdrup	
B M Wyeth	
G A J Burgin	
L J Holden	(resigned 11 March 1998)
K L Fitzgerald	

No director held any interest in the shares at 31 December 1996 or at any time during the year.

Dividends and transfers to reserves

The directors are unable to recommend the payment of a dividend. The loss for the year of £775,252 (1995: £659,428) will be added to the accumulated deficit.

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 1996. 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



G Burgin
Director
19th March 1998

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

We have audited the financial statements on pages 4 to 14.

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.

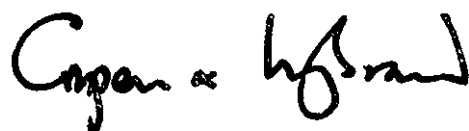
Basis of opinion

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 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

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1998

**Profit and loss account
for the year ended 31 December 1996**

		1996 £	Nine months 1995 £
Turnover	3	22,083,444	11,540,879
Cost of sales		(18,107,702)	(8,654,496)
Gross profit		3,975,742	2,886,383
Net operating expenses	4	(4,782,257)	(3,355,515)
Exceptional operating loss		-	(111,123)
Other operating income		68,577	-
Operating loss		(737,938)	(580,255)
Interest receivable		2,742	
Interest payable and similar charges	7	(47,751)	(79,173)
Loss on ordinary activities before taxation	8	(782,947)	(659,428)
Tax on loss on ordinary activities	9	7,695	-
Retained loss for the period	16	(775,252)	(659,428)

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

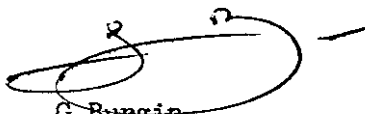
There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

All operations are continuing.

**Balance sheet
at 31 December 1996**

		1996 £	1995 £
Fixed assets			
Tangible assets	10	1,087,407	795,084
Investments	11	-	500
		<u>1,087,407</u>	<u>795,584</u>
Current assets			
Debtors	12	6,039,593	5,594,747
Cash at bank and in hand		16,367	235,266
		<u>6,055,960</u>	<u>5,830,013</u>
Creditors: amounts falling due within one year	13	<u>(5,168,655)</u>	<u>(6,342,229)</u>
Net current assets/(liabilities)		<u>887,305</u>	<u>(512,216)</u>
Total assets less current liabilities		<u>1,974,712</u>	<u>283,368</u>
Creditors: amounts falling due after more than one year	14	<u>(2,484,297)</u>	<u>(505,201)</u>
Net liabilities		<u>(509,585)</u>	<u>(221,833)</u>
Capital and reserves			
Called up share capital	15	500,000	12,500
Unrealised reserve - goodwill	16	(150,563)	(208,204)
Profit and loss account	16	(859,022)	(26,129)
Equity shareholders' funds	17	<u>(509,585)</u>	<u>(221,833)</u>

The financial statements on pages 4 to 14 were approved by the board of directors on
and were signed on its behalf by:


G Burgin
Director
19th March 1998

**Notes to the financial statements
for the year ended 31 December 1996****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 eighteen 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 exempted 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 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.

3 Turnover

Turnover by geographical area is analysed below:

	1996 £
United Kingdom	18,770,927
Rest of Europe	883,338
Other	2,429,179
	<u>22,083,444</u>

In 1995, turnover consisted entirely of sales made in the United Kingdom.

4 Net operating expenses

	1996 £	Nine months 1995 £
Distribution costs	581,696	530,827
Administrative expenses	4,200,561	2,824,688
	<u>4,782,257</u>	<u>3,355,515</u>

5 Directors' emoluments

	1996 £	Nine months 1995 £
Emoluments (including pension contributions and benefits in kind)	370,214	207,502
Compensation for loss of office	33,960	-
	<u>404,174</u>	<u>207,502</u>

Emoluments (excluding pension contributions) include amounts paid to:

	1996 £	Nine months 1995 £
The highest paid director	<u>80,425</u>	<u>42,577</u>

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

	1996 Number	Nine months 1995 Number
£Nil - £5,000	2	6
£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
£50,001 - £55,000	2	-
£55,001 - £60,000	2	-
£65,001 - £70,000	1	-
£80,001 - £85,000	1	-
	<u>2</u>	<u>12</u>

6 Employee information

	1996 £	Nine months 1995 £
Wages and salaries	2,916,113	1,518,530
Social security costs	270,553	142,542
Other pension costs	90,164	56,908
	<u>3,276,830</u>	<u>1,717,980</u>

The average weekly number of persons employed by the company, excluding directors during the period was 171 (1995: 125).

7 Interest payable and similar charges

	1996 £	Nine months 1995 £
On loans, repayable within 5 years, by instalments	43,698	70,133
On finance leases	4,053	9,040
	<u>47,751</u>	<u>79,173</u>

8 Loss on ordinary activities before taxation

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

	1996	Nine months 1995
	£	£
Depreciation		
- owned tangible assets	174,191	80,448
- tangible fixed assets held under finance leases and hire purchase contracts	45,232	48,980
Auditors' remuneration for:		
- audit	34,347	32,000
- other services	8,750	-
Hire of plant and machinery - operating leases	225,204	148,971
Hire of other assets - operating leases	634,595	301,973
(Profit)/loss on disposal of fixed assets	2,137	(2,813)
	<u> </u>	<u> </u>

9 Tax on loss on ordinary activities

There is no tax charge for the year (1995: £Nil) due to the loss for the period for which no deferred tax asset is recognised.

	1996	Nine months 1995
	£	£
UK corporation tax at 33%		
Current	-	-
Prior year adjustments	(7,695)	-
	<u> </u>	<u> </u>
	<u>(7,965)</u>	<u>-</u>

10 Tangible fixed assets

	Short leasehold properties £	Fixtures fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 January 1996	452,341	943,032	282,295	1,677,668
Additions	93,890	437,297	-	531,187
Disposals	-	(6,363)	(113,393)	(119,756)
At 31 December 1996	546,231	1,373,966	168,902	2,089,099
Depreciation				
At 1 January 1996	50,324	673,946	158,314	882,584
Charge for period	58,223	115,968	45,232	219,423
Disposals	-	(6,363)	(93,952)	(100,315)
At 31 December 1996	108,547	783,551	109,594	1,001,692
Net book value				
At 31 December 1996	437,684	590,415	59,308	1,087,407
At 31 December 1995	402,017	269,086	123,981	795,084

The net book value of tangible fixed assets includes an amount of £59,308 (1995: £123,981) in respect of assets held under hire purchase contracts, the depreciation charge in respect of these assets was £45,232 (1995: £48,980).

11 Fixed asset investment

	1996 £	1995 £
Unlisted investment at cost		
At 1 January 1996	500	500
Disposal	(500)	-
At 31 December 1996	-	500

12 Debtors

	1996 £	1995 £
Trade debtors	5,184,128	3,826,987
Amounts owed by group companies	541,909	750,602
Other debtors	185,226	156,946
Prepayment and accrued income	90,337	852,071
Corporation tax	37,993	8,141
	6,039,593	5,594,747

13 Creditors: amounts falling due within one year

	1996 £	1995 £
Bank loans and overdraft	1,406,153	1,270
Trade creditors	387,377	953,874
Obligation under finance leases	20,832	59,887
Amount owing to group companies	106,396	2,107,743
Other taxation and social security	113,000	145,837
Other creditors	106,695	40,283
Accruals and deferred income	3,028,202	3,033,335
	<u>5,168,655</u>	<u>6,342,229</u>

14 Creditors: amounts falling due after more than one year

	1996 £	1995 £
Obligations under finance leases	19,297	40,201
Amounts owing to group companies	2,465,000	465,000
	<u>2,484,297</u>	<u>505,201</u>

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

In one year or less	20,832	59,887
Between two and five years	19,297	40,201
	<u>40,129</u>	<u>100,088</u>

15 Called up share capital

	1996 £	1995 £
Authorised		
500,000 ordinary shares of £1 each	<u>500,000</u>	<u>12,500</u>
Allotted called up and fully paid		
Ordinary shares of £1 each		
At 1 January 1996	12,500	12,500
Issued during year	487,500	-
At 31 December 1996	<u>500,000</u>	<u>12,500</u>

During the year, 487,500 ordinary shares of £1 each were allotted, at par, for cash.

16 Reserves

	Unrealised reserve - goodwill £	Profit and loss account £
At 1 January 1996	(208,204)	(26,129)
Loss for the year	-	(775,252)
Amortisation of purchased goodwill	57,641	(57,641)
At 31 December 1996	<u>(150,563)</u>	<u>(859,022)</u>

17 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Opening shareholders' funds	(221,833)	437,595
Issue of share capital	487,500	-
Loss for the financial year	(775,252)	(659,428)
Closing shareholders' funds	<u>(509,585)</u>	<u>(221,833)</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 £90,164 (1995: £56,908).

19 Financial commitments

At 31 December 1996, the company had annual commitments under non-cancellable operating leases as follows:

	31 December 1996		31 December 1995	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Expiring within one year	110,000	1,048	5,900	-
Expiring between two and five years inclusive	131,705	258,512	20,720	202,022
Expiring in over five years	404,140	-	625,575	-
	<u>645,845</u>	<u>259,560</u>	<u>652,195</u>	<u>202,022</u>

20 Contingent liabilities

The company has given certain indemnities in respect of customs and freight dues totalling £840,000.

21 Ultimate and immediate parent companies

The ultimate parent company is BTL AB (publ), a company registered in Sweden. Wilson & Co (UK) Ltd is consolidated into the group accounts of BTL AB (publ), which may be obtained from their offices in Gothenburg.

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.