

Registered no: 621547

Wilson & Co (UK) Limited

**Annual report
for the year ended 31 December 1998**



Wilson & Co (UK) Limited

Annual report for the year ended 31 December 1998

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**Directors and advisers
for the period to 31 December 1998**

Directors

J A Simpson
H A Von Sydow
J B Gerdrup
B M Wyeth
M Carr

Registered office

Units 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 1998

The directors present their report and the audited financial statements for the year ended 31 December 1998.

Principal activity

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

Review of business and future developments

Actions begun in the early part of the year succeeded in substantially reducing the loss from the previous year. The business has been restructured and the management are introducing further measures to restore profitability. A further significant improvement is expected in the coming year. The company has issued new share capital and is well placed to take advantage of opportunities as they arise.

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	(resigned 9 November 1998)
M Carr	(appointed director and company secretary 26 May 1998)

No director held any interest in the shares at 31 December 1998 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 £711,542 (1997: £1,960,826) 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.

Year 2000

The company has made an evaluation on its exposure to risks and uncertainties arising from computer equipment unable to recognise dates properly after 1999. Plans are well advanced to ensure that the company's systems and equipment will function properly after 1999. The additional costs involved are not significant.

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.

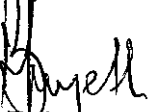
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1998. The directors also confirm that applicable accounting 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 PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the board


Brian Wyeth
Director

8/24 1999

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

We have audited the financial statements on pages 5 to 13.

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 1998 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

8 February 1999

**Profit and loss account
for the year ended 31 December 1998**

		1998 £	1997 £
Turnover	3	23,958,111	24,822,555
Cost of sales		(20,021,000)	(21,109,904)
Gross profit		<u>3,937,111</u>	<u>3,712,651</u>
Operating expenses	4	(5,026,146)	(5,578,685)
Operating loss		<u>(1,089,035)</u>	<u>(1,866,034)</u>
Interest payable and similar charges	7	(136,666)	(83,799)
Loss on ordinary activities before taxation	8	<u>(1,225,701)</u>	<u>(1,949,833)</u>
Tax on loss on ordinary activities	9	514,159	(10,993)
Loss for the year	14	<u>(711,542)</u>	<u>(1,960,826)</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 1998

		1998 £	1997 £
Fixed assets			
Tangible assets	10	750,478	942,676
Current assets			
Debtors	11	5,677,045	5,478,552
Cash at bank and in hand		671,368	28,967
		6,348,413	5,507,519
Creditors: amounts falling due within one year	12	(6,080,844)	(8,917,062)
Net current assets/(liabilities)		267,569	(3,409,543)
Total assets less current liabilities		1,018,047	(2,466,867)
Creditors: amounts falling due after more than one year		-	(3,544)
Net assets/(liabilities)		1,018,047	(2,470,411)
Capital and reserves			
Called up share capital	13	4,700,000	500,000
Unrealised reserve – goodwill	14	(35,281)	(92,922)
Profit and loss account	14	(3,646,672)	(2,877,489)
Equity shareholders' funds	15	1,018,047	(2,470,411)

The financial statements on pages 5 to 13 were approved by the board of directors on
8 February 1999 and signed on its behalf by:


Brian M Wyeth
 Director
 8/2/1999

**Notes to the financial statements
for the year ended 31 December 1998****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 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	3 - 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:

	1998 £	1997 £
United Kingdom	21,322,719	22,092,074
Rest of Europe	718,743	744,677
Other	1,916,649	1,985,804
	<u>23,958,111</u>	<u>24,822,555</u>

4 Operating expenses

	1998 £	1997 £
Distribution costs	2,926,296	3,906,966
Administrative expenses	2,099,850	1,671,719
	<u>5,026,146</u>	<u>5,578,685</u>

5 Directors' emoluments

	1998 £	1997 £
Aggregate emoluments (including benefits in kind)	269,244	303,929
Contributions to money purchase schemes	27,083	35,577
	<u>296,327</u>	<u>339,506</u>

	1998	1997
Number of directors who are members of a money purchase pension scheme	<u>6</u>	<u>5</u>

Emoluments include amounts paid to:

	1998 £	1997 £
The highest paid director:		
Emoluments	67,135	81,241
Contributions under money purchase schemes	8,856	13,090
	<u>75,991</u>	<u>94,331</u>

6 Employee information

	1998 £	1997 £
Wages and salaries	2,845,509	2,920,565
Social security costs	295,183	297,920
Other pension costs (see note 16)	113,201	105,752
	<u>3,253,893</u>	<u>3,324,237</u>

The average weekly number of persons employed by the company, excluding directors during the period was 149 (1997: 160).

7 Interest payable and similar charges

	1998 £	1997 £
On loans, repayable within 5 years, by instalments	136,666	80,974
On finance leases	-	2,825
	<u>136,666</u>	<u>83,799</u>

8 Loss on ordinary activities before taxation

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

	1998 £	1997 £
Depreciation		
- owned tangible assets	218,178	220,011
- tangible fixed assets held under finance leases and hire purchase contracts	16,665	30,107
Auditors' remuneration for:		
- audit	30,800	38,500
- other services	15,265	52,981
Operating leases		
- hire of plant and machinery	48,438	58,696
- hire of motor vehicles and other assets	188,667	241,017
- hire of land and building	568,840	573,840
Profit on disposal of fixed assets	(787)	(10,874)
	<u></u>	<u></u>

9 Tax on loss on ordinary activities

There is no tax charge for the year (1997: £Nil) due to the loss for the period for which no deferred tax asset is recognised.

	1998 £	1997 £
UK corporation tax at 31% (1997: 31.5%)		
Current	(100,162)	-
Under/(over) provision in respect of prior years		
Current	(413,997)	10,993
	<u>(514,159)</u>	<u>10,993</u>

The tax credit relates to the surrender of tax losses to another group company as group relief. The consideration for the group relief amounted to £514,159 and is included in debtors.

10 Tangible fixed assets

	Short Leasehold Properties £	Fixtures Fittings & Equipment £	Motor vehicles £	Total £
Cost				
At 31 December 1997	533,671	1,205,202	116,075	1,854,948
Additions	31,473	53,120	-	84,593
Disposals	-	(86,499)	(24,535)	(111,034)
At 31 December 1998	565,144	1,171,823	91,540	1,828,507
Depreciation				
At 31 December 1997	136,847	688,371	87,054	912,272
Charge for period	66,932	153,583	14,328	234,843
Disposals	-	(44,551)	(24,535)	(69,086)
At 31 December 1998	203,779	797,403	76,847	1,078,029
Net book value				
At 31 December 1998	361,365	374,420	14,693	750,478
At 31 December 1997	396,824	516,831	29,021	942,676

11 Debtors

	1998 £	1997 £
Trade debtors	4,238,699	3,938,697
Amounts owed by group companies	1,101,751	416,926
Other debtors	40,119	184,458
Prepayment and accrued income	296,476	911,464
Corporation tax	-	27,007
	<u>5,677,045</u>	<u>5,478,552</u>

12 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank loans and overdraft	-	2,079,858
Trade creditors	1,580,626	1,855,848
Obligation under finance leases	3,410	15,778
Amount owing to group companies	2,668,953	2,663,972
Taxation and social security	107,043	112,516
Other creditors	23,311	117,619
Accruals and deferred income	1,697,501	2,071,471
	<u>6,080,844</u>	<u>8,917,062</u>

13 Called up share capital

	1998 £	1997 £
Authorised		
4,700,000 (1997: 500,000) ordinary shares of £1 each	<u>4,700,000</u>	<u>500,000</u>
Allotted called up and fully paid		
Ordinary shares of £1 each		
At 1 January	500,000	500,000
Issued during year	4,200,000	-
At 31 December	<u>4,700,000</u>	<u>500,000</u>

The share capital was increased in two tranches in the year.

In April 1998, the authorised and issued share capital was increased from 500,000 ordinary shares of £1 each to 2,000,000 shares of £1 each.

In December 1998 the authorised, issued and fully paid up share capital was increased from 2,000,000 shares of £1 each to 4,700,000 shares of £1 each. The shares were fully paid up on 31 December 1998.

14 Reserves

	Unrealised reserve - goodwill £	Profit and loss account £
At 1 January 1998	(92,922)	(2,877,489)
Loss for the year	-	(711,542)
Amortisation of purchased goodwill	57,641	(57,641)
At 31 December 1998	<u>(35,281)</u>	<u>(3,646,672)</u>

15 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Opening shareholders' funds	(2,470,411)	(509,585)
Issue of share capital	4,200,000	-
Loss for the year	(711,542)	(1,960,826)
Closing shareholders' funds	<u>1,018,047</u>	<u>(2,470,411)</u>

16 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 £113,201 (1997: £105,752).

17 Financial commitments

At 31 December 1998, the company had annual commitments under non-cancellable operating leases as follows:

	31 December 1998		31 December 1997	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Expiring within one year	36,105	31,041	18,720	115,592
Expiring between two and five years inclusive	112,050	160,047	124,735	144,253
Expiring in over five years	420,685	-	425,385	-
	<u>568,840</u>	<u>191,088</u>	<u>568,840</u>	<u>259,845</u>

18 Contingent liabilities

The company has given certain indemnities in respect of customs and freight dues totalling £1,882,375 (1997: £1,662,375).

19 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.

20 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.