

HR EMBASSY FREIGHT SERVICES LIMITED

**REPORT
AND
ACCOUNTS
FOR THE YEAR ENDED
31ST MARCH 1994**



Registered No : 621547

HR EMBASSY FREIGHT SERVICES LIMITED

REPORT OF THE DIRECTORS

The Directors present herewith their report and accounts for the year ended 31st March 1994.

REVIEW OF THE BUSINESS

The Company's business remains international freight forwarding, by land, sea and air, operated from a small network of UK facilities and overseas agencies. There is an increasing specialisation in terms of product and markets served but overall the business remains general in nature. Volumes of business during the year were affected by the recession and by the reduction of import customs broking following the implementation of the Single Market. The Company expects volumes to increase modestly this year.

RESULTS

The profit for the year after taxation amounted to £237 (1993: Loss £9,183). The Directors do not recommend the payment of a dividend. Therefore £237 will be transferred to reserves.

DIRECTORS AND DIRECTORS' INTERESTS

Except as shown below, the following Directors held office throughout the year under review:

P. Tween
C.C. Holmes (appointed 21st June 1994)
G.E. Bartlett
G.R. Fernback (resigned 17th January 1994)
A.L. Guy
A.D. Lloyd
J. Simpson (appointed 17th May 1993)
D.M. Norbury (appointed 25th January 1994)

Mr. P. Tween and Mr C.C. Holmes are also directors of Hogg Robinson plc, the ultimate holding company, and their interests in the share capital of that company are disclosed in that company's accounts.

The interests in the share capital of the ultimate parent company of the other Directors holding office at the end of the financial year were as follows:

Hogg Robinson plc Ordinary Shares of 10p each

	Number of Shares Held		Options Held Under Executive Share Option Scheme		
	*1.4.93	31.3.94	*1.4.93	Issued in year	31.3.94
G.E. Bartlett	-	-	5,000	10,000	15,000
A. L. Guy	-	-	6,000	1,000	7,000
A. D. Lloyd	-	-	5,000	5,000	10,000
D.M. Norbury	950	950	14,000	20,000	34,000
J. Simpson	-	-	NIL	5,000	5,000

* or date of appointment if later

HR EMBASSY FREIGHT SERVICES LIMITED

REPORT OF THE DIRECTORS (continued)

CHANGES IN FIXED ASSETS

The movement in tangible fixed assets during the year is set out in Note 7 to the accounts. Details of fixed asset investments which did not move in the year are set out in Note 8 to the accounts.

AUDITORS

A resolution to re-appoint Coopers & Lybrand as the Company's auditors will be proposed at the Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by UK company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year 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 accounts for the year ended 31st March 1994. The Directors also confirm that applicable accounting standards have been followed and that the accounts 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.

BY ORDER OF THE BOARD



N. Bell
Secretary
28th November 1994

REPORT OF THE AUDITORS TO THE MEMBERS OF

HR EMBASSY FREIGHT SERVICES LIMITED

We have audited the accounts on pages 4 to 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31st March 1994 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

COOPERS & LYBRAND

Chartered Accountants and Registered Auditors

London

28th November 1994

HR EMBASSY FREIGHT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1994

	<u>Notes</u>	<u>1994</u> £	<u>1993</u> £
Turnover		17,951,101	20,400,682
Management charge	2	(17,766,558)	(20,225,303)
		<hr/>	<hr/>
GROSS PROFIT		184,543	175,379
Administrative expenses		(181,861)	(170,524)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	2,682	4,855
Taxation	6	(2,445)	(14,038)
		<hr/>	<hr/>
RETAINED PROFIT/(LOSS) TRANSFERRED TO RESERVES	13	<u>237</u>	<u>(9,183)</u>

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

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

All operations are continuing.

HR EMBASSY FREIGHT SERVICES LIMITED

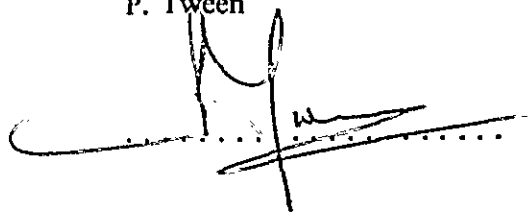
BALANCE SHEET

AS AT 31ST MARCH 1994

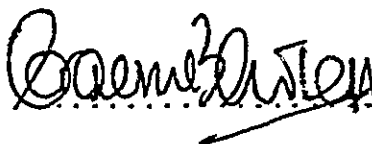
	<u>Notes</u>	<u>1994</u> £	<u>1993</u> £
FIXED ASSETS			
Tangible assets	7	762,841	942,017
Investments	8	500	500
		<hr/> 763,341	<hr/> 942,517
CREDITORS: amounts falling due within one year	9	(204,910)	(9,597)
NET CURRENT LIABILITIES		<hr/> (204,910)	<hr/> (9,597)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 558,431	<hr/> 932,920
CREDITORS: amounts falling due after more than one year	10	(90,987)	(456,039)
PROVISIONS FOR LIABILITIES AND CHARGES	11	(15,102)	(24,776)
NET ASSETS		<hr/> 452,342	<hr/> 452,105
CAPITAL AND RESERVES			
Called up share capital	12	12,500	12,500
Unrealised reserve - Goodwill	13	(309,076)	(366,717)
Profit and loss account	13	748,918	806,322
		<hr/> 452,342	<hr/> 452,105

The accounts on pages 4 to 11 were approved by the Board of Directors on 28th November 1994 and signed on its behalf by:

P. Tween



G.E. Bartlett



)
)
) Directors

HR EMBASSY FREIGHT SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1994

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the UK.

TURNOVER

Turnover represents the amount receivable in respect of freight and forwarding services provided in the year excluding Value Added Tax.

LEASED ASSETS AND OBLIGATIONS

Assets held under finance leases and hire purchase agreements are included in tangible fixed assets and are depreciated using the appropriate rates. Obligations under such agreements are stated net of finance charges attributable to future periods. Finance charges are allocated over the period of the lease.

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

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. Depreciation is provided on the cost of all tangible fixed assets using the straight line basis over their estimated useful lives.

Fixtures, fittings and equipment	5 - 7 years
Computer hardware and software	5 years
Motor vehicles	5 years
Short term leaseholds	The lease term
Long term leaseholds	50 years

DEFERRED TAXATION

Deferred taxation is calculated by 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.

HR EMBASSY FREIGHT SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1994 (continued)

2. MANAGEMENT AGREEMENT

The Company entered into a Management Agreement with Hogg Robinson Transport Limited with effect from 1st April 1990. Under the terms of the Management Agreement, Hogg Robinson Transport Limited 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. Hogg Robinson Transport Limited is also responsible for the collection and settlement of debtors and creditors arising from the turnover. The settlement of current liabilities and taxation balances of the Company are accounted for through the intercompany account with Hogg Robinson Transport Limited.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging/(crediting):	<u>1994</u>	<u>1993</u>
	£	£
Depreciation		
- owned tangible assets	122,105	128,033
- tangible fixed assets held under finance leases and hire purchase contracts	62,438	47,346
Finance charges for hire purchase contracts and finance leases	17,499	21,419
Profit on disposal of fixed assets	2,682	4,855

4. STAFF COSTS

The average number of persons employed by the Company, including directors during the period was nil (1993 - nil).

5. DIRECTORS' EMOLUMENTS

Directors' remuneration is made up as follows:

	<u>1994</u>	<u>1993</u>
	£	£
Emoluments (including pension contributions)	135,590	-
Compensation for loss of office	37,582	-
	<u>173,172</u>	<u>-</u>

HR EMBASSY FREIGHT SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1994 (continued)

5. DIRECTORS' EMOLUMENTS (continued)

	<u>1994</u> £	<u>1993</u> £
Directors' remuneration disclosed above (excluding pension contributions) includes amounts paid to:		
The Chairman	-	-
	<hr/>	<hr/>
The Highest Paid Director	49,067	-
	<hr/>	<hr/>

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

	<u>1994</u> £ Number	<u>1993</u> £ Number
£Nil - £5,000	4	5
£30,001 - £35,000	1	-
£40,001 - £45,000	1	-
£45,001 - £50,000	1	-

The charge for the Directors' remuneration has been borne by Hogg Robinson Transport Ltd in accordance with the terms of the Management Agreement.

6. TAXATION

	<u>1994</u> £	<u>1993</u> £
United Kingdom corporation tax at 33% (1993 33%):		
Current	17,235	1,057
Deferred	(10,841)	4,333
(Over)/under provisions in prior years:		
Current	(5,116)	16,789
Deferred	1,167	(8,141)
	<hr/>	<hr/>
	2,445	14,038
	<hr/>	<hr/>

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

HR EMBASSY FREIGHT SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1994 (continued)

7. TANGIBLE FIXED ASSETS

	<u>Long Leasehold Properties</u> £	<u>Short Leasehold Properties</u> £	<u>Fixtures Fittings & Equipment</u> £	<u>Motor Vehicle</u> £	<u>Total</u> £
COST					
At 1st April 1993	222,452	230,783	741,717	322,652	1,517,604
Additions	-	3,465	18,262	11,858	33,585
Assets transferred to fellow subsidiaries	-	-	-	(7,927)	(7,927)
Disposals	-	-	(4,459)	(79,543)	(84,002)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1994	222,452	234,248	755,520	247,040	1,459,260
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION					
At 1st April 1993	15,684	39,240	430,721	89,942	575,587
Charge for the year	4,476	14,236	107,292	58,539	184,543
Assets transferred to fellow subsidiaries	-	-	-	(5,152)	(5,152)
Disposals	-	-	(4,519)	(54,040)	(58,559)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1994	20,160	53,476	533,494	89,289	696,419
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NBV at 31st March 1994	202,292	180,772	222,026	157,751	762,841
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NBV at 31st March 1993	206,768	191,543	310,996	232,710	942,017
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The total net book value of fixed assets includes an amount of £183,357 (1993 - £223,403) in respect of assets held under hire purchase contracts.

HR EMBASSY FREIGHT SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1994 (continued)

8. FIXED ASSET INVESTMENT

	<u>1994</u> £	<u>1993</u> £
Unlisted investment at cost	<u>500</u>	<u>500</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1994</u> £	<u>1993</u> £
Corporation tax	25,692	9,597
Amounts due to parent undertakings	<u>179,218</u>	<u>-</u>
	<u>204,910</u>	<u>9,597</u>

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

	<u>1994</u> £	<u>1993</u> £
Amounts due to parent undertakings	-	288,380
Finance leases/hire purchase contracts	<u>90,987</u>	<u>167,659</u>
	<u>90,987</u>	<u>456,039</u>

11. PROVISION FOR LIABILITIES AND CHARGES

	£
Deferred taxation:	
At 1st April 1993	24,776
Released during the year	(10,841)
Under provision for prior year	<u>1,167</u>
At 31st March 1994	<u>15,102</u>

HR EMBASSY FREIGHT SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1994 (continued)

12. **CALLED UP SHARE CAPITAL**

	<u>1994</u>	<u>1993</u>
	£	£
Authorised, allotted, called up and fully paid 12,500 ordinary shares of £1 each	12,500	12,500

13. **RESERVES**

	<u>Unrealised reserve- Goodwill</u>	<u>Profit and Loss Account</u>
	£	£
At 1st April 1993	(366,717)	806,322
Profit for the year	-	237
Amortisation of purchased goodwill	57,641	(57,641)
At 31st March 1994	<u>(309,076)</u>	<u>748,918</u>

14. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>1994</u>	<u>1993</u>
	£	£
Opening shareholders' funds	452,105	461,288
Profit/(loss) for the financial year	237	(9,183)
Closing shareholders' funds	<u>452,342</u>	<u>452,105</u>

15. **CONTINGENT LIABILITY**

The Company has given guarantees in respect of group companies' bank facilities totalling £19,700,000 at 31st March 1994 (1993: £19,700,000). Currently group companies have drawn £2,756,000 (1993: £4,680,000) against these facilities.

16. **ULTIMATE HOLDING COMPANY**

The ultimate holding company is Hogg Robinson plc, a company registered in England and Wales. Copies of the report and accounts of Hogg Robinson plc can be obtained from Concorde House, 165 Church Street East, Woking, Surrey GU21 1HF.