

DSV Solutions Limited

Directors' report and financial statements

Registered number 3294472

31 December 2010

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DSV Solutions Limited

DIRECTORS:

J P P Nielsen
R F Olesen
G M Ridsdale
J H Lund
A M Van Beers
B W Almind

SECRETARY:

G M Ridsdale

AUDITORS:

KPMG LLP
6 Lower Brook Street
Ipswich
Suffolk
IP4 1AP

BANKERS:

Danske Bank
75 King William Street
London
EC4 7DT

REGISTERED OFFICE:

Scandinavia House
Refinery Road
Parkeston
Harwich
Essex
CO12 4QG

REGISTRATION NO:

3294472

DSV Solutions Limited

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Directors' report

Registered number 3294472

The directors present their Directors' report and financial statements for the year ended 31 December 2010

Principal activities

The principal activity of the Company throughout the year was that of a provider of logistics, warehousing and supply chain services

The Company is part of the DSV Group of Companies. DSV is a global supplier of transport and logistics services

The international Group is legally and operationally divided into three divisions, each representing a business area, Road, Air & Sea and Solutions. The Company represents the Solutions activities of the Group in the UK

Business Review

The DSV Solutions division offers logistics solutions which involve all parts of the supply chain, these being, warehousing, distribution and value added services. DSV Solutions Limited maintains a comprehensive use of outsourcing to providers of transportation services whilst maintaining a degree of in house provision

The Company acquired the Solutions based business of fellow DSV subsidiary ABX Logistics (UK) Limited on 1 January 2009 for a consideration of £5,000,000, giving rise to goodwill of £2,744,000. The Belgian ABX Group of Companies was acquired by DSV Air & Sea Holding A/S on 1 October 2008. An integration process was immediately undertaken to combine DSV and ABX organisations to enhance the existing operational structure of the Company, to ensure customers were provided with a continuing high quality of service, and to realise potential organisational synergies as soon as practically possible.

During the year the company managed to operate with a high utilisation percentage of the various depots as a result of new customers gained at the end of 2009. This had a direct effect on the profitability which increased considerably compared to previous year.

As a further result of the increase in business the company acquired an additional warehouse measuring 13,000 m² in October 2010, in order to continue the expansion of operations.

Aims and Objectives

DSV's global mission is to create value for its shareholders

The Group's aims are as follows

- To maintain and improve its position amongst the most profitable intercontinental transport businesses in the UK
- To grow at a rate exceeding the average market growth, through organic growth and acquisitions
- To maintain and increase its profitability
- To generate a solid cash flow
- To be a responsible employer, providing an attractive workplace for employees
- To provide quality service to customers
- To be a professional partner for its subcontractors and agents

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Directors' report *(continued)*

Risk

The Company is exposed to normal market and economic conditions and therefore risk. The DSV policy is to lease rather than own equipment. It is the belief of the Directors that this policy improves the Company's ability to adapt pragmatically to the forces of supply and demand.

The Company is a service provider and relies on its ability to recruit and retain experienced and committed staff through the application of positive recruitment and retention policies.

Most of the Company's trade is conducted in Sterling. In line with Group policy the Company does not speculate in currency risk, and exposure is managed on a daily basis in co-ordination with the DSV Group Treasury Department.

The Company's debt and interest rate risk is managed centrally by the DSV Group Treasury Department. Long term loans are provided by this Department.

The Company's credit risk relates primarily to its trade debtors. The Company operates well established credit control procedures. Trade debtors are issued with credit limits and some of the credit risk is insured through an external provider.

Performance

2010 proved to be a year with good progress and the Directors are satisfied with performance of the company.

	2010	2009
	£'000s	£'000s
Revenue	33,456	30,574
Gross profit	9,654	9,817
Operating profit	1,698	633
Net finance cost	(511)	(711)
Profit/(loss) before tax	809	(55)
 Sales Growth	 9.43%	 4.52%
Gross Margin	-1.66%	7.83%
Operating Profit Margin	168.25%	-29.90%
Time lost through sickness	2.00%	2.00%
Staff turnover	15.10%	31.20%

The Future

The focus of 2011 will be to continue the good utilisation of resources and focus on sales growth, control of cost and profit performance. On the balance sheet, the focus will be on cash flow.

There is some uncertainty as to the general economic situation in the United Kingdom during 2011 and the effect this will have on the performance.

Proposed dividend

After the year end the directors proposed a dividend of £0.605 (2009: £nil) per share although this has not been recognised as a liability at the balance sheet date.

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Directors' report *(continued)*

Directors

The directors who served during the year were as shown below

J P P Nielsen
R F Olesen
G M Ridsdale
A M Van Beers
J H Lund
B W Almind

The following directors exercised options during the year J P P Nielsen, R F Olesen, G M Ridsdale, J H Lund and B W Almind

The share options relate to incentive programmes launched by DSV A/S, the ultimate parent company

The ultimate parent company indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in place to the date of this report

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

Employee consultation

The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. The intermediate parent company, DSV Road Holding A/S, produces a periodic newsletter of the group activities for all employees

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2009 £nil)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Vendors

Standard payment terms are net 60 days unless otherwise agreed. Preferential terms can only be made in agreement with a director of the Company. Where a corporate agreement is in place with a supplier, these terms will be adopted. The preferred method of payment is via BACS. Payment terms are reviewed, revised and renegotiated annually

The average number of days of payments outstanding for the Company at the financial period end was 44 (2009 55)

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Directors' report *(continued)*

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and details of the company's exposure to risk are described above

The directors, having made appropriate enquiries, have a reasonable expectation that the company will be able to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

By order of the Board



Secretary
G M Ridsdale

Scandinavia House
Parkeston Quay
Harwich
Essex
CO12 4QG

28 February 2011

DSV Solutions Limited
Directors' report and financial statements
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Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare company financial statements for each financial year. Under that law they have elected to prepare company financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of their profit or loss for that period. In preparing the company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of DSV Solutions Limited

We have audited the financial statements of DSV Solutions Limited for the year ended 31st December 2010 set out on pages 11 to 43. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st December 2010 and of the company's profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union,
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company's financial statements are not in agreement with the accounting records and returns, or

Independent auditors' report to the members of DSV Solutions Limited (continued)

- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

S Beavis

S Beavis (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

6 Lower Brook Street

Ipswich

IP4 1AP

28 February 2011

DSV Solutions Limited
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Income Statement

	<i>Note</i>	2010 £'000s	2009 £'000s
Revenue	2	33,456	30,574
Cost of sales		(23,802)	(20,757)
Gross profit		9,654	9,817
Administrative expenses - exceptional items	3	-	(464)
Administrative expenses - other	3	(7,956)	(8,720)
Administrative expenses - total		(7,956)	(9,184)
Operating profit	3	1,698	633
Net finance costs	4	(511)	(711)
Profit/(loss) before taxation		1,187	(78)
Taxation	6	(378)	23
Profit/(loss) for the year attributable to the equity holders		809	(55)

The above results were derived from continuing operations

The notes on pages 16 to 43 form part of these financial statements

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Statement of Comprehensive income

	<i>Note</i>	2010 £'000s	2009 £'000s
Actuarial gain/(loss) on pension	19	123	(956)
Tax on income and expenses recognised directly in equity	9	(33)	268
Net gain/(expense) recognised directly in equity		<hr/> 90	(688)
Profit/(loss) for the year		809	(55)
Total recognised income and expense		<hr/> 899	(743) <hr/>

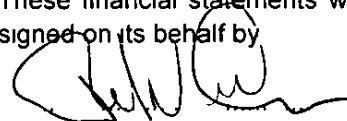
The notes on pages 16 to 43 form part of these financial statements

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Statement of Financial Position

	<i>Note</i>	2010 £'000s	2009 £'000s
Non-current assets			
Property, plant and equipment	7	8,330	8,325
Intangible assets	8	6,592	6,623
Total non-current assets		<u>14,922</u>	<u>14,948</u>
Current assets			
Trade and other receivables	10	6,725	6,081
Income tax receivable	17	-	140
Cash and cash equivalents	11	995	461
Total current assets		<u>7,720</u>	<u>6,682</u>
Total assets		<u>22,642</u>	<u>21,630</u>
Equity			
Issued capital	12	1,000	1,000
Capital reserves		29	31
Retained earnings		6,614	5,715
Total equity attributable to equity holders of the company		<u>7,643</u>	<u>6,746</u>
Non-current liabilities			
Other interest-bearing loans and borrowings	14	6,694	7,269
Provisions - pensions	15	818	1,069
Provisions - other	15	1,282	1,440
Deferred tax liabilities	9	501	362
Total non-current liabilities		<u>9,295</u>	<u>10,140</u>
Current liabilities			
Other interest-bearing loans and borrowings	14	271	149
Provisions - other	15	303	504
Trade and other payables	16	5,059	4,091
Income tax payable	17	71	-
Total current liabilities		<u>5,704</u>	<u>4,744</u>
Total liabilities		<u>14,999</u>	<u>14,884</u>
Total equity and liabilities		<u>22,642</u>	<u>21,630</u>

These financial statements were approved by the board of directors on 28 February 2011 and were signed on its behalf by


J P P Nielsen – Director

The notes on pages 16 to 43 form part of these financial statements

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Statement of Changes in Equity

Attributable to the equity holders of the company

<i>Notes</i>	<u>Share Capital</u> 12 £'000s	<u>Capital Reserve</u> 13 £'000s	<u>Retained Earnings</u> 13 £'000s	<u>Total Equity</u> £'000s
Balance as at 1 January 2009	1,000	20	7,085	8,105
Total recognised in income statement	-	-	(55)	(55)
Total recognised directly in equity	-	-	(688)	(688)
Dividend paid	-	-	(627)	(627)
Increase to capital reserve	-	11	-	11
Balance as at 31 December 2009	1,000	31	5,715	6,746
Balance as at 1 January 2010	1,000	31	5,715	6,746
Total recognised in Income Statement	-	-	809	809
Total recognised directly in equity	-	-	90	90
Decrease to capital reserve	-	(2)	-	(2)
Balance as at 31 December 2010	1,000	29	6,614	7,643

The notes on pages 16 to 43 form part of these financial statements

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Statement of Cash Flows

	<i>Note</i>	2010 £'000s	2009 £'000s
Cash flows from operating activities			
Profit/(loss) before taxation		1,187	(78)
<i>Adjustments for</i>			
Depreciation	7	430	425
Amortisation on intangible assets	8	38	43
Loss/(gain) on disposal of property, plant and equipment		1	(1)
Foreign exchange gain/(loss)	4	7	(46)
Net finance cost	4	511	711
Equity settled share based payments	18	(2)	11
		2,172	1,065
(Increase)/decrease in trade and other receivables	10	(644)	1,566
Increase/(decrease) in trade and other payables	16	954	(4,191)
Increase in retirement benefits provisions net of actuarial gain/loss	15, 19	(128)	(163)
Decrease in other provisions	15	(359)	(278)
Cash from operations		1,995	(2,001)
Income taxes paid	6	(61)	(170)
Net cash flow from operating activities		1,934	(2,171)
Cash flows from investing activities			
Acquisition of trade of ABX Logistics (UK) Limited net of cash acquired	25	-	(5,000)
Acquisition of property, plant and equipment	7	(424)	(128)
Acquisition of intangibles	8	(7)	(5)
Proceeds from sale of property, plant & equipment		2	2
Net cash flow from investing activities		(429)	(5,131)
Cash flows from financing activities			
Interest received	4	438	323
Interest paid	4	(956)	(988)
(Decrease)/increase in borrowings	14	(453)	7,417
Dividend paid		-	(627)
Net cash flow from financing activities		(971)	6,125
Net increase/(decrease) in cash and cash equivalents		534	(1,177)
Cash and cash equivalents at 1 January		461	1,638
Cash and cash equivalents at 31 December	11	995	461

The above results were derived from continuing operations

The notes on pages 16 to 42 form part of these financial statements

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Notes

(forming part of the financial statements)

1 Accounting policies

DSV Solutions Limited is a company incorporated and domiciled in the United Kingdom

The Company is a wholly owned subsidiary of DSV Solutions Holding A/S, a company incorporated in Denmark. The consolidated financial statements for DSV A/S, a company incorporated in Denmark, within which the company is included, can be obtained from the address given in note 22

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the EU ("adopted IFRSs")

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The company financial statements are presented in pound Sterling, rounded to the nearest thousand

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost accounting rules

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

The company is dependent on finance being made available by its parent entity to enable it to continue operating and to meet its liabilities as they fall due. The parent entity has agreed to provide sufficient funds to the company for this purpose for the period of at least one year from the date of signing of these accounts. On this basis, the directors consider it appropriate to prepare the accounts on the going concern basis. The accounts do not include any adjustments that would result should continuing finance cease to be made available

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty

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Notes (continued)

Revenue for services rendered is generally recognised in the income statement on the date of shipment, in the case of exports, and the date of arrival of goods in the case of imports

Direct costs

Direct costs comprise costs paid to generate the revenue for the year. Direct costs include settlement of accounts with haulage contractors, other direct costs including staff costs for own staff used for fulfilling orders and other operating costs.

Employee benefits

Employee benefits include pension obligations and similar obligations.

The Company has implemented IAS 19 (updated 2004). The expected pension obligations are recognised in the income statement, while actuarial gains and losses are recognised in equity when recorded.

Share based payments

The incentive programmes of the DSV Group consist of share options and warrant schemes that will be settled by the issue of shares in the ultimate parent, DSV A/S.

The value of the services provided by the employee in return for options and warrants is measured at the fair value of the options and warrants.

The fair value of the equity-settled share-based programmes is measured at the grant date and recognised in the income statement under staff costs over the period until the options or warrants are vested, with a corresponding entry in equity.

On initial recognition of such share-based programmes, an estimate is made of the number of options and warrants that the employees are expected to acquire. The estimated number of options and warrants is adjusted subsequently to reflect the actual number of options vested.

The fair value of the option and warrants granted is estimated on the basis of the Black Scholes valuation model. The estimate is based on the terms and conditions applicable to the grant of options and warrants.

Pension costs - defined contribution scheme

Contributions to defined contribution pension plans are recognised as an expense in the income statement in the period in which they become payable.

Pension costs - defined benefit scheme

It is the policy of the company to fund pension liabilities on the advice of external actuaries. Pension costs charged in the financial statements comprise the regular pension cost which is based upon a percentage of pensionable payroll as advised by the actuary. Independent actuarial valuations on a going concern basis are carried out every three years. It is the policy of the Company to charge the net finance costs through the income statement and the actuarial adjustments through the Statement of Comprehensive Income, as set out in the Definitive Trust Deed.

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Notes (continued)

Demolition and restoration costs

According to interpretations of IFRIC 1, costs of assets also includes subsequent adjustments in demolition and restoration costs except for indexation as a consequence of the interest rate element

Capitalised cost is included in the basis of depreciation and depreciation is charged to the income statement. In addition, the demolition and restoration costs will be indexed annually and the relevant costs will be included in finance expenses

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost as deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policies). According to IAS 16, costs of assets at the point of time for first recognition also includes the present value of demolition and restoration costs that the company is obliged to bear

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 January 2004, the date of transition to adopted IFRSs, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment

Leased assets

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policies). The property held under finance leases and leased out under operating lease is classified as investment property and stated at the fair value model. Lease payments are accounted for as described in the accounting policy

Depreciation

Depreciation is charged to the income statement on a straight-line basis at annual rates based on the estimated useful lives of the property, plant and equipment. The estimated useful lives are as follows

Terminals and administration buildings	40 - 60 years
Other buildings and building elements	10 - 25 years
Leasehold Improvements	The length of the lease or 40 years if lower
Technical plant and machinery	6 - 10 years
Other plant and operating equipment	3 - 8 years

The depreciation basis takes into account the residual value of the asset. Land is not depreciated

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Notes (continued)

Intangible assets and goodwill

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. In respect of business acquisitions that have occurred since 1 January 2003, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. The latest test being performed as at 31 December 2009 with no impairment indicated.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of intangible property. The estimated useful lives are as follows:

Customer relationships	10 years
Software	3 years

Trade and other receivables

Trade and other receivables are stated at their fair value less impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Leasing transactions

The company enters into operating leases as described in note 21(a). Rentals under operating leases are charged on a straight-line basis over the term of the lease.

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future obligations are recorded as liabilities, whilst the interest elements are charged to the income statement over the period of the agreement.

Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Net finance costs

Net finance costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income and foreign exchange gains and losses.

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Notes (continued)

Interest income is recognised in the income statement as it accrues using the effective interest method, dividend income is recognised in the income statement on the date that the entity's right to receive payments is established

Taxation

Taxation comprises current and deferred tax. Corporation tax payable is provided on taxable profits at the current rate.

The taxation liability may be reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering and recipient undertakings.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Timing differences on goodwill not deductible for tax purposes are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Investments

Fixed asset investments are shown at cost.

Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

Impairment

The carrying amounts of the Company's assets, investment property, inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is assessed.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying

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Notes (continued)

amount of the other assets in the unit on a pro-rata basis. The cash generating unit is the lowest level at which goodwill is monitored.

Goodwill is tested for impairment on an annual basis and this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated. This involves estimation of future cash flows and selection of suitable discount rates. An impairment loss in respect of goodwill is not reversed.

An impairment loss in respect of goodwill is not reversed.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Trade and other payables

Trade and other payables are stated at fair value.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

New standards and interpretations not applied

The IASB and IFRIC have issued standards and interpretations with an effective date for periods starting on or after the date on which these financial statements commence. The following applicable standards and interpretations have been issued, none of which are anticipated to significantly impact the company's results or assets and liabilities and are not expected to require significant disclosure.

International Financial Reporting Standards ('IFRS')
IFRS 2 – Group cash settled share based payment arrangements

Effective Date
1 January 2010

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IFRS 3 – (Revised) Business combinations

1 July 2009

International Financial Reporting Interpretations Committee ('IFRIC')

IFRIC 17 – Distribution of non cash assets to owners

1 January 2010

2 Revenue

Revenue recognised in the income statement is analysed as follows

	Year ended 31 December 2010 £'000s	Year ended 31 December 2009 £'000s
Logistics, warehousing & transport services	33,456	30,574

3 Operating profit

	Year ended 31 December 2010 £'000s	Year ended 31 December 2009 £'000s
Arrived at after charging/(crediting)		
Plant and machinery rentals payable under operating leases	455	214
Other rentals payable under operating leases	1,455	1,892
Loss/(gain) on disposal of property, plant and equipment	1	(1)
Amortisation	38	43
Depreciation	430	425
<i>Auditors' remuneration</i>		
Audit of these financial statements	10	11
Taxation and other services	6	-
<i>Exceptional items</i>		
Redundancy costs	-	359
Other restructuring	-	105
	-	464

The exceptional costs charged in 2009 related to redundancies, onerous contracts including settlement and lease fees on vehicles and other equipment which are surplus to requirements and other costs associated with the integration of the ABX Logistics (UK) Limited trade

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4 Net finance costs

	Year ended 31 December 2010 £'000s	Year ended 31 December 2009 £'000s
<i>Interest income</i>		
Interest receivable from group undertakings	12	8
In respect of pension scheme (note 19)	426	315
Total finance income	438	323
<i>Interest expense</i>		
On amounts due to group undertakings	(444)	(559)
In respect of pension scheme (note 19)	(429)	(325)
Other interest payable	(83)	(104)
Total finance expense	(956)	(988)
 Net foreign exchange gain/(loss)	 7	 (46)
Total net finance cost	(511)	(711)

5 Personnel expenses

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

	Number of employees 2010	2009
Operations	296	293
Administration	9	9
	305	302

The following costs were incurred in respect of the above

	Year ended 31 December 2010 £'000s	Year ended 31 December 2009 £'000s
Wages and salaries	6,514	7,281
Compulsory social security contributions	512	628
Contributions to defined contribution and defined benefit plans	282	224
Equity settled share based payments (see note 18)	(2)	11
	7,306	8,144

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Director's remunerations comprise

	Year ended 31 December 2010 £'000s	Year ended 31 December 2009 £'000s
Emoluments	125	124
Contributions to defined contribution and defined benefit plans	15	14
	<u>140</u>	<u>138</u>

Retirement benefits are accruing to the following number of directors under

	2010 Number	2009 Number
Defined contribution scheme	1	1
Defined benefit scheme	<u>-</u>	<u>-</u>

The directors' remuneration included above relates to the highest paid director

6 Taxation

	2010 £'000s	2010 £'000s	2009 £'000s	2009 £'000s
Current tax expense				
- Current year UK	275		(37)	
- adjustment in respect of prior year	<u>(2)</u>		<u>35</u>	
Total current tax		273		(2)
Deferred Tax				
Origination and reversal of temporary differences				
Current year	105		(21)	
Total deferred tax		<u>105</u>		<u>(21)</u>
Total income tax expense/(income) in income statement		<u>378</u>		<u>(23)</u>

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Reconciliation to effective tax rate

	2010 £'000s	2009 £'000s
Profit/(loss) before tax	1,187	(78)
Income tax using the domestic corporation tax rate of 28% (2009 28 %)	332	(22)
Effects of		
Adjustment in respect of prior years - current tax	(2)	(35)
Non-deductible expenses	74	39
Effect of change in tax rate	(17)	-
Share options exercised	-	(5)
Movement in unprovided deferred tax	(9)	-
Total tax charge/(credit) (see above)	378	(23)

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7 Property, plant and equipment

	<u>Freehold and leasehold improvements</u>	<u>Motor vehicles</u>	<u>Furniture fittings & equipment</u>	<u>Total</u>
	£'000	£'000	£'000	£'000
<u>Cost</u>				
At 1 January 2009	1,834	18	577	2,429
Additions	-	-	128	128
Disposals	(44)	(4)	(32)	(80)
Intra group transfer	971	-	403	1,374
Ansing on acquisitions - intra group	4,967	-	-	4,967
At 31 December 2009	<u>7,728</u>	<u>14</u>	<u>1,076</u>	<u>8,818</u>
At 1 January 2010	7,728	14	1,076	8,818
Additions	-	-	424	424
Disposals	-	-	(13)	(13)
Intra group transfer	-	-	14	14
At 31 December 2010	<u>7,728</u>	<u>14</u>	<u>1,501</u>	<u>9,243</u>
<u>Depreciation</u>				
At 1 January 2009	55	4	88	147
Charge for year	192	3	230	425
Disposals	(45)	(2)	(32)	(79)
At 31 December 2009	<u>202</u>	<u>5</u>	<u>286</u>	<u>493</u>
At 1 January 2010	202	5	286	493
Charge for year	173	2	255	430
Disposals	-	-	(10)	(10)
At 31 December 2010	<u>375</u>	<u>7</u>	<u>531</u>	<u>913</u>
<u>Carrying amounts</u>				
At 31 December 2009	<u>7,526</u>	<u>9</u>	<u>790</u>	<u>8,325</u>
At 31 December 2010	<u>7,353</u>	<u>7</u>	<u>970</u>	<u>8,330</u>

The net book values of freehold land and buildings was £7,350,000 (2009 £7,521,000)

The net book value of £8,330,000 includes an amount of £77,000 (2009 £137,000) in respect of equipment held under finance leases, the depreciation charge on which was £60,000 (2009 £60,000)

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8 Intangible assets

	<u>Customer</u>			
	<u>Goodwill</u>	<u>Relationships</u>	<u>Software</u>	<u>Total</u>
	£'000	£'000	£'000	£'000
<u>Cost or valuation</u>				
At 1 January 2009	3,742	132	26	3,900
Additions (note 25)	2,744	-	5	2,749
Arising on acquisitions - intra group	-	-	32	32
At 31 December 2009	6,486	132	63	6,681
At 1 January 2010	6,486	132	63	6,681
Additions	-	-	7	7
At 31 December 2010	6,486	132	70	6,688
<u>Amortisation</u>				
At 1 January 2009	-	6	9	15
Charge for year	-	13	30	43
At 31 December 2009	-	19	39	58
At 1 January 2010	-	19	39	58
Charge for year	-	14	24	38
At 31 December 2010	-	33	63	96
<u>Carrying amounts</u>				
At 31 December 2009	6,486	113	24	6,623
At 31 December 2010	6,486	99	7	6,592

Goodwill considered significant in comparison to the Company's total carrying amount of such assets has been allocated to cash generating units as follows

	2010	2009
	£'000	£'000
DSV Solutions Limited	6,486	6,486

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The recoverable amount has been calculated with reference to its value in use. The key features of this calculation are shown below:

	2010	2009
Period on which management approved forecasts are based	5 years	5 years
Growth rate applied during approved forecast period	5.0%	5.0%
Growth rate applied beyond approved forecast period	0.0%	0.0%
Discount rate	9.80%	9.80%

The period on which forecasts are based is 5 years and follows Group policy. A growth rate close to RPI has been used to demonstrate the robust nature of the remaining goodwill. The growth rate is based on management expectations based on past experience and the expectations to future growth. The discount rate is a weighted average cost of capital in line with Group policy, including risk premium.

9 Deferred taxation

Deferred tax liabilities and assets are attributable to the following:

	2010 £'000s	2009 £'000s
Property, plant and equipment	(909)	(933)
Trading losses	21	102
Employee benefits and other temporary differences	387	469
Net tax liability	<u>(501)</u>	<u>(362)</u>

Movement in deferred tax during the year:

	<u>1 January</u> <u>2010</u> £'000	<u>Recognised</u> <u>in income</u> £'000	<u>Recognised</u> <u>in equity</u> £'000	<u>31 December</u> <u>2010</u> £'000
Property, plant and equipment	(933)	24	-	(909)
Trading losses	102	(81)	-	21
Employee benefits and other temporary differences	469	(49)	(33)	387
Net tax liabilities	<u>(362)</u>	<u>(106)</u>	<u>(33)</u>	<u>(501)</u>

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Movement in deferred tax during the prior year

	<u>1 January</u>	<u>On</u>	<u>Recognised</u>	<u>Recognised</u>	<u>31 December</u>
	<u>2009</u>	<u>acquisition</u>	<u>in income</u>	<u>in equity</u>	<u>2009</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Property, plant and equipment	(159)	(782)	8	-	(933)
Trading losses	-	102	-	-	102
Employee benefits and other temporary differences	188	-	13	268	469
Net tax assets/(liabilities)	29	(680)	21	268	(362)

As at 31 December 2010 there are unrecognised deferred tax assets of £42,000 (2009 £53,000), which relate to trading losses transferred in as a result of prior year acquisitions

10 Trade and other receivables

	2010	2009
	£'000s	£'000s
Trade receivables	5,857	5,196
Amounts owed by group undertakings	90	172
Other debtors and prepayments	778	713
	<u>6,725</u>	<u>6,081</u>

Trade receivables are shown net of an allowance for doubtful debts of £231,000 (2009 £77,000) arising from allowances against overdue or doubtful debts. The impairment loss recognised in the current year was £211,000 (2009 £138,000)

11 Cash and cash equivalents

	2010	2009
	£'000s	£'000s
Cash and cash equivalents	995	461
Cash and cash equivalents in the statement of cash flows	<u>995</u>	<u>461</u>

12 Issued capital

	2010	2009
	£'000s	£'000s
Authorised, allotted, called up and fully paid 1,000,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company

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13 Reconciliation of movements in equity

Reserves disclosed in the statement of changes in equity are attributable to the equity holders of the company

The capital reserve is in respect of share options in the ultimate parent undertaking granted to employees of the company

After the year end, and before these financial statements were authorised for issue, the directors proposed a dividend of £605,000 (2009 £nil) being £0.605 (2009 £nil) per share. This has not been recognised as a liability at the balance sheet date.

14 Interest bearing loans and borrowings

	2010	2009
	£'000	£'000
<i>Non current liabilities</i>		
Loan owed to ultimate parent company	4,981	6,425
Mortgage	1,713	844
	<u>6,694</u>	<u>7,269</u>
<i>Current liabilities</i>		
Mortgage	271	149
	<u>271</u>	<u>149</u>
 Total interest bearing loans and borrowings	 <u>6,965</u>	 <u>7,418</u>

The loan is from the ultimate parent company, DSV A/S. Interest is charged at a rate calculated using LIBOR plus 1%. There are no formal repayment terms in relation to the loan. The split between current and non-current liabilities is set by DSV A/S.

Interest on the mortgage is charged at a rate of LIBOR plus 1.25% (2009 1.5%). The mortgage is repayable over 15 years and is secured on a property with a net book value as at 31 December 2010 of £4,325,000 (2009 £4,447,000).

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15 Provisions for liabilities and charges

The provision relates to

	<u>Property</u>	<u>Pension</u>	<u>Total</u>
	£'000	£'000	£'000
At the beginning of the year	1,944	1,069	3,013
Arising during the year	147	(120)	27
Utilised during the year	(506)	(131)	(637)
At the end of the year	<u>1,585</u>	<u>818</u>	<u>2,403</u>
Non-current liabilities	<u>1,282</u>	<u>818</u>	<u>2,100</u>
Current liabilities	<u>303</u>	<u>-</u>	<u>303</u>

The pension provision is expected to reverse over the average remaining life of employees, as indicated in note 19

The property provision relates to onerous leases and dilapidations and is expected to reverse on expiry of the leases which ranges over the years 2011 to 2021 with £nil relating to 2011

16 Trade and other payables

	2010	2009
	£'000s	£'000s
Trade payables	2,016	1,787
Amounts owed to group undertakings		
- owed to UK group undertakings	60	171
- owed to other group undertakings	290	257
Taxation and social security	192	178
Other creditors and accrued expenses	2,501	1,698
	<u>5,059</u>	<u>4,091</u>

17 Income tax (payable)/receivable

	2010	2009
	£'000s	£'000s
Corporation tax (payable)/receivable	(71)	140
	<u>(71)</u>	<u>140</u>

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18 Share based payments

DSV A/S, the ultimate parent company, has launched incentive programmes consisting of options with a view to motivating and retaining staff, senior staff and members of the executive board. The incentive programmes launched are also to make staff and shareholders identify with the same interests.

Share options are exercisable by a cash purchase of shares.

2006 option scheme

The scheme comprises options to buy 1,500,000 shares. The options were granted to 2 company managers and 764 senior staff members within the DSV Group. Within the Company, 4 managers and 33 senior staff received options to buy a total of 36,500 shares. The exercise price is DKK 82.00 per share with a nominal amount of DKK 1.00, which was the market price at the grant date. The grant date was 30 March 2006. The 2006 options are exercisable from the vesting date to 30 March 2011.

2007 option scheme

The scheme comprises options to buy 1,500,000 shares. The options were granted to 2 company managers and 816 senior staff members within the DSV Group. Within the Company, 4 managers and 38 senior staff received options to buy a total of 40,500 shares. The exercise price is DKK 97.50 per share with a nominal amount of DKK 1.00, which was the market price at the grant date. The grant date was 1 April 2007. The 2007 options are exercisable from the vesting date to 30 March 2012.

2008 option scheme

The scheme comprises options to buy 1,660,000 shares. The options were granted to 2 company managers and 823 senior staff members within the DSV Group. Within the Company, 4 managers and 28 senior staff received options to buy a total of 51,500 shares. The exercise price of the options is DKK 103.25 per share with a nominal amount of DKK 1.00, which was the market price at the grant date. The grant date was 3 March 2008. The 2008 options are exercisable from the vesting date to 27 March 2013.

2009 option scheme

The scheme comprises options to buy 1,941,000 shares. The options were granted to 2 company managers and 982 senior staff members within the DSV Group. Within the Company, 4 manager and 24 senior staff received options to buy a total of 59,000 shares. The exercise price is DKK 41.1 per share with a nominal amount of DKK 1.00, which was the market price at the grant date. The grant date was 1 April 2009. The 2009 share options are exercisable from the vesting date to 31 March 2014.

2010 option scheme

The scheme comprises options to buy 1,983,000 shares. The options were granted to 2 company managers and 1001 senior staff members within the DSV Group. Within the Company, 1 manager and 4 senior staff received options to buy a total of 8,000 shares. The exercise price is DKK 98.5 per share with a nominal amount of DKK 1.00, which was the market price at the grant date. The grant date was 4 March 2010. The 2010 share options are exercisable from the vesting date to 1 April 2015.

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Continued employment with DSV at the date of exercise is a condition for exercise of the options

The number and weighted average exercise prices of share options are as follows

The terms and conditions of the grants are as follows

	Vesting conditions	Remaining period (years)	Executive board	Senior staff	Total
2006 scheme	Four years of service	0 00	-	1,000	1,000
2007 scheme	Four years of service	0 00	2,000	2,500	4,500
2008 scheme	Three years of service	0 25	3,000	3,000	6,000
2009 scheme	Three years of service	1 25	4,000	4,000	8,000
2010 scheme	Three years of service	2 25	4,000	4,000	8,000

Total share options	13,000	14,500	27,500
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The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year

	Weighted average exercise price 2010 DKK	Number of options 2010	Weighted average exercise price 2009 DKK	Number of options 2009
Outstanding at the beginning of the period	77 51	32,500	85 37	27,000
Transferred during the period	83	(6,000)	-	-
Exercised during the period	78 86	(7,000)	44 50	(3,500)
Granted during the period	98 50	8,000	41 10	9,000
Outstanding at the end of the period	82 07	27,500	77 51	32,500

The number of share options exercisable as at 31 December 2010 was 5,500 (2009 8,500)

For the share options outstanding as at 31 December 2010, the weighted average remaining contracted life is 2 5 years (2009 2 8 years)

The weighted average fair value of options granted during the year was DKK 20 78 (2009 DKK 10 74)

The fair value of equity settled share options granted is estimated at the date of grant using Black Scholes model, as per the accounting policy. The following table lists the inputs to the model for the years ended 31 December 2010 and 31 December 2009. The share price as at 31 December 2010 is DKK 123 30 (2009 DKK 94)

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	Awarded 2010	Awarded 2009	Awarded 2008	Awarded 2007	Awarded 2006
Fair value at measurement date	20 78	10 74	22 38	19 47	16 21
Exercise price in DKK	98 50	41 10	103 25	97 50	82 00
Expected volatility	28 00%	33 00%	23 70%	20 00%	18 00%
Option life in years	2 5	3 3	3 25	3 25	4 25
Expected dividends	0 75%	0 50%	0 50%	0 50%	1 00%
Risk-free investments	1 40%	2 97%	4 06%	4 41%	4 00%

The expected life of the options is based on the experience that DSV employees on average exercise the granted share options three months after vesting date. The experience is based on historical data from completed share option schemes.

The reduction recognised for equity settled share-based payment transactions in respect of employee services received during the year to 31 December 2010 is £2,000 (2009 expense of £11,000). The carrying amount of the liability relating to share-based payment transactions at 31 December 2010 is £29,000 (2009 £31,000).

19 Pension arrangements

The Group operated both defined benefit and defined contribution schemes.

Defined benefit scheme

The cost of providing pensions under the defined benefit schemes is calculated using the projected unit method and spread over the period during which benefit is expected to be derived from the employees' services, in accordance with the advice of an independent professionally qualified actuary. Pension obligations are measured as the present value of estimated future cash flows discounted at rates reflecting the yields on high quality corporate bonds, based on the iBoxx over 15 year AA index.

Formal, independent, actuarial valuations of the Group's main scheme – the DSV UK Group Pension Scheme, are undertaken regularly, normally at least every three years, in order to determine the rate of contributions paid by the participating employers. The assets of the scheme are held in a separately administered trust. Assets are invested in different classes in order to maintain a balance between risk and return. Investments are diversified to limit the financial effect of the failure of any individual investment. As at 31 December 2010 the asset allocation applying to the defined benefit section of the Scheme was 64% Equities, 33% Bonds and 3% Cash.

Following the government's announcement in July 2010 on the change from RPI to CPI for calculating statutory minimum increases in deferred pensions and pensions in payment the company has reviewed the documentation, trust deeds and member communications for the DSV UK Group Pension Scheme. Based on this review it concluded that it was appropriate to apply CPI as of July 2010 for increases in deferred pensions, RPI would continue to be applied to the calculation of pensions in payment. This has been recognised as a change in actuarial assumptions and results in a gain of £378,000 recognised in OCI in the current period and an equal consequential reduction of pension liability.

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The information below is in respect of the Company only (including the defined contribution section) except where otherwise stated. The Company's contributions to the defined contribution section of the DSV UK Group Pension Scheme are charged to the income statement as incurred. The assets attributable to defined contribution members within the DSV UK Group Pension Plan are identifiable separately from the other assets of the Plan.

The directors have split the scheme assets and liabilities based on the number of members as at 31 December 2010.

The assets and liabilities of the scheme as at 31 December recognised in the balance sheet are as follows:

	2010	2009
	£'000	£'000
Present value of funded defined benefit obligations	8,328	7,772
Fair value of scheme assets	(7,510)	(6,703)
Total pension deficit	<u>818</u>	<u>1,069</u>

Amounts in the balance sheet

Liabilities	818	1,069
Assets	-	-
Net liability	<u>818</u>	<u>1,069</u>

Movements in the present value of the defined benefit obligation

	2010	2009
	£'000	£'000
Opening defined benefit obligation	7,772	5,653
Interest cost	429	325
Actuarial losses	361	2,018
Benefits paid	(234)	(224)
Closing defined benefit obligation	<u>8,328</u>	<u>7,772</u>

Movements in the fair value of plan assets

	2010	2009
	£'000	£'000
Opening fair value of plan assets	6,703	5,377
Expected return on plan assets	426	315
Actuarial gains	484	1,062
Contributions by employer	131	173
Benefits paid	(234)	(224)
Closing fair value of plan assets	<u>7,510</u>	<u>6,703</u>

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The amounts recognised in the income statement

	2010	2009
	£'000	£'000
Interest cost	429	325
Expected return on plan assets	(426)	(315)
Total pension cost recognised in the income statement	<u>3</u>	<u>10</u>
Actual return on scheme assets	<u>910</u>	<u>13,777</u>

Of the total charge, £429,000 (2009 £325,000) was included in finance expense and £426,000 (2009 £315,000) was included in finance income

The company expects to contribute £131,000 to the defined benefit section of the Plan, and £57,000 to the defined contribution section of the Plan, in the next financial year

Analysis of the amount recognised in the Statement of Comprehensive Income

	2010	2009
	£'000	£'000
Actuarial gains/(losses) immediately recognised	123	(956)
Actuarial gain/(loss) recognised in Statement of Comprehensive Income	<u>123</u>	<u>(956)</u>
Cumulative actuarial losses recognised in the Statement of Comprehensive Income	<u>(1,646)</u>	<u>(1,769)</u>

The fair value of the major categories of scheme assets were as follows

	2010	2010	2009	2009
	%	£'000	%	£'000
Equities	62.70	4,709	60.88	4,081
Debt securities	32.60	2,448	34.39	2,305
Property	2.30	173	2.29	153
Other	2.40	180	2.44	164
Total market value of assets	<u>100.00</u>	<u>7,510</u>	<u>100.00</u>	<u>6,703</u>

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Principal actuarial assumptions to determine benefit obligations (expressed as weighted averages) at the year end were as follows

	<u>2010</u>	<u>2009</u>
	%	%
Price inflation	2.85	3.40
Rate of salary increase	3.65	3.70
Discount rate	5.35	5.60
Rate of pension increase	3.35	3.70

Principal actuarial assumptions to determine net cost (expressed as weighted averages) at the year end were as follows

	<u>2010</u>	<u>2009</u>
	%	%
Price inflation	3.40	2.30
Rate of salary increase	3.70	3.00
Discount rate	5.60	5.80
Expected long-term rate of return on plan assets	6.40	5.85
Rate of pension increase	3.40	3.00

Pension scheme assets are measured at fair value at the balance sheet date. Actuarial gains and losses, i.e. differences between the actual and expected returns, and the effect of changes in actuarial assumptions are recognised in the statement of recognised income and expense in the year in which they arise.

The expected return on assets reflects the portfolio mix – a combination of corporate, UK government index-linked and fixed interest bonds ("Bonds"), UK, North America, Europe, and Far East Equities ("Equities"), and investment in Property. An equity risk premium of 3% is added to the yield on UK government fixed interest bonds to establish the return on equities.

The expected return on scheme assets at year-end 2010 was 6.4%.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 20.7 years (male), 23.5 years (female)
- Future retiree upon reaching 65: 21.5 years (male), 24.3 years (female)

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Notes (continued)

History of scheme

	2010	2009	2008
	£'000	£'000	£'000
Present value of defined benefit obligation	8,328	7,772	5,653
Fair value of plan assets	(7,510)	(6,703)	(5,377)
Deficit	818	1,069	276

Defined contribution pension arrangements

The Group operates a number of defined contribution pension arrangements where the Group's contributions are charged to the income statement as incurred

The total expense relating to these pension arrangements for the current year was £155,000 (2009 £108,000)

20 Related parties

During the year ended 31 December 2010, related parties purchased goods and services from the company. Transactions with related parties are priced on an arm's length basis. No dividends were received from related parties in 2010 or in 2009.

	<u>2009</u>		<u>Total</u>	<u>Outstanding</u>
	<u>Trade</u>	<u>Non-trade</u>	<u>Total</u>	<u>Outstanding</u>
	£'000	£'000	£'000	£'000
Fellow UK group undertakings	63	-	63	-
Other group undertakings	1,791	-	1,791	172
	1,854	-	1,854	172

	<u>2010</u>		<u>Total</u>	<u>Outstanding</u>
	<u>Trade</u>	<u>Non-trade</u>	<u>Total</u>	<u>Outstanding</u>
	£'000	£'000	£'000	£'000
Fellow UK group undertakings	52	-	52	5
Other group undertakings	862	-	862	85
	914	-	914	90

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Notes (continued)

During the year ended 31 December 2010, the company purchased goods and services from related parties. Transactions with related parties are priced on an arm's length basis.

	<u>2009</u>		<u>Total</u>	<u>Outstanding</u>
	<u>Trade</u>	<u>Non-trade</u>		
	£'000	£'000	£'000	£'000
Intermediate parent undertaking	-	143	143	50
Fellow UK group undertakings	1,060	-	1,060	171
Other group undertakings	2,037	65	2,102	207
	<u>3,097</u>	<u>208</u>	<u>3,305</u>	<u>428</u>

	<u>2010</u>		<u>Total</u>	<u>Outstanding</u>
	<u>Trade</u>	<u>Non-trade</u>		
	£'000	£'000	£'000	£'000
Intermediate parent undertaking	-	166	166	-
Fellow UK group undertakings	1,008	-	1,008	60
Other group undertakings	1,258	425	1,683	290
	<u>2,266</u>	<u>591</u>	<u>2,857</u>	<u>350</u>

Non trade items relate to recharges for shared services and locations.

Compensation of key management personnel (including directors)

	<u>2010</u>	<u>2009</u>
	£'000	£'000
Short-term employee benefits	402	439
Share based payment	7	12
Total	<u>409</u>	<u>451</u>

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Notes (continued)

21 Contingent liabilities and financial commitments

a) Lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows

	<u>Land and buildings</u>		<u>Plant and equipment</u>	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Not later than one year	868	653	219	324
After one year but not more than five years	831	718	169	396
After five years	-	-	-	-
	<u>1,699</u>	<u>1,371</u>	<u>388</u>	<u>720</u>

b) The company is a member of the DSV Road Holding Limited VAT group and along with fellow UK undertakings, is jointly and severally liable for the VAT liabilities of the other group members. At 31 December 2010 VAT of £777,000 (2009 £877,000) was payable to HM Revenue and Customs in respect of the VAT Group.

c) The company together with its sister companies has given an unlimited cross guarantee in respect of available overdraft facilities. The amount available under these facilities at the balance sheet date is £6,000,000 (2009 £6,000,000) of which £1,905,000 (2009 £322,000) has been utilised.

22 Parent and ultimate parent undertaking

The company is a wholly owned subsidiary undertaking of DSV Solutions Holding A/S, a company incorporated in Denmark. The registered office of the parent company is Banemarksvej 58, DK-2605 Brøndby, Denmark.

The smallest group in which the company's results are consolidated is that headed by DSV A/S, a company incorporated in Denmark. Consolidated accounts are available from the registered office at Banemarksvej 58, DK-2605 Brøndby, Denmark.

The ultimate parent undertaking and controlling party is DSV A/S, which owns 100% of DSV Solutions Holding A/S. The consolidated accounts of DSV A/S may be obtained from the registered office at Banemarksvej 58, DK-2605 Brøndby, Denmark.

23 Accounting estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The most significant area of estimation, uncertainty and critical judgement in applying accounting policies is included in note 20 and relates to the defined benefit pension scheme valuation.

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Notes (continued)

24 Financial instruments

Credit risk

The Company's credit risk primarily relates to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The Company has no significant concentration of credit risk because the exposure is spread over a large number of customers. The Company has robust credit control procedures and uses credit reference agencies to assess customers and potential customers.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was

	2010	2009
	£'000	£'000
UK	5,674	4,717
Rest of Europe	374	439
USA	31	113
Rest of the World	9	4
	<hr/> 6,088	<hr/> 5,273

The ageing of receivables at the reporting date was –

	2010	2009
	£'000	£'000
Not due	3,843	3,360
Past due 1-30 days	1,622	1,458
Past due 31 – 60 days	184	269
Past due over 60 days	439	186
	<hr/> 6,088	<hr/> 5,273

The above amounts are shown gross of a bad and doubtful debt provision (note 10)

Interest rate risk

The Company's exposure to liquidity risk is considered to be minimal because it can borrow additional funds from group, if required.

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Foreign currency risk

The Company's exposure to foreign currency risk arises on both trade receivables and trade payables

<i>Trade receivables</i>	2010	2009
	£'000	£'000
Euro	51	59
<i>Trade payables</i>	2010	2009
	£'000	£'000
Euro	2	5
DKK	7	14

The following significant exchange rates applied –

	<i>Average rate</i>		<i>Year-end rate</i>	
	2010	2009	2010	2009
	£	£	£	£
DKK	8 6842	8 3626	8 6659	8 2317
Euro	1 1661	1 1231	1 1625	1 0619

The only significant currency exposure relates to the Company's euro exposure. The net euro exposure as at 31 December 2010 is £49,000 (2009 £54,000)

25 Acquisition of trade from ABX Logistics (UK) Limited

On 1 January 2009 the Company acquired a share of the trade, assets and liabilities of ABX Logistics (UK) Limited. The book and fair value of assets acquired and liabilities assumed were as follows:

	Book Value	Fair Value
	£'000	£'000
Property, plant and equipment	4,967	4,967
Trade and other receivables	1,713	1,713
Cash	1	1
Trade and other payables	(3,744)	(4,424)
Net identifiable assets	2,937	2,257
Goodwill on acquisition		2,744
Less cash of ABX Logistics (UK) Limited		(1)
Cash flow on acquisition net of cash acquired		5,000

Goodwill amounts to £2,744,000 and is attributed to the future profitability of the acquired business

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Notes *(continued)*

The Revenue and Profit of the trade acquired from ABX Logistics (UK) Limited is fully reflected in the Company's Income Statement with effect from the acquisition date. The amount of Revenue and Profit attributable to the ABX business cannot be reported separately. The acquired trade has been seamlessly integrated into the existing traffic structure of the Company and as a consequence separate measurements of Revenue and Profits are not possible. Whilst for a short period post acquisition, a customer might be able to identify which acquired business they previously traded with, it is not practical to record this information for each booking received.