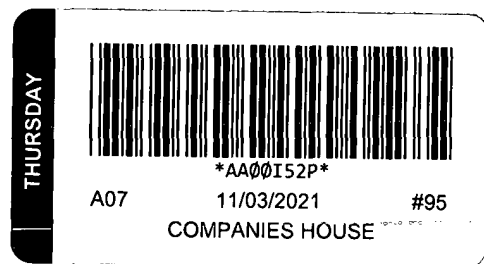


Company Registration No. 01888371 (England and Wales)

KINTETSU WORLD EXPRESS (U.K.) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



KINTETSU WORLD EXPRESS (U.K.) LIMITED

COMPANY INFORMATION

Directors	J Pridden N Torii S Ogawa Y Fujita (Appointed 1 February 2021)
Company number	01888371
Registered office	1 Millbrook Way Colnbrook Slough Berkshire SL3 0HE
Auditor	Mercer & Hole 21 Lombard Street London EC3V 9AH
Bankers	Barclays Bank 27th Floor 1 Churchill Place London E14 5HP MUFG Bank Ltd Ropemaker Street 25 Ropemaker Street London EC2Y 9AN
Solicitors	Penningtons Manches LLP Abacus House 33 Gutter Lane London EC2V 8AR Eversheds LLP 1 Wood Street 81 Aldwych House London EC2V 7WS

KINTETSU WORLD EXPRESS (U.K.) LIMITED

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KINTETSU WORLD EXPRESS (U.K.) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Fair review of the business

The Company is principally engaged in the business of international freight forwarding, providing air, ocean and road transportation together with valued added warehouse solutions.

In the 12 months to 31 March 2020, the company generated a loss on ordinary activities before taxation of £132,197. This result arose mainly out of the difficult trading conditions for Air and Sea Imports caused by Brexit uncertainty and customer downtrading in the automotive sector.

The Company grew its Warehousing and Logistics by 8% when compared to the prior year. Air Freight turnover experienced a contraction of 28% nearly all from Imports and Sea Freight turnover was 1% lower.

These results are not significantly impacted by the Covid-19 pandemic as the effects in the UK only started to affect business in late March 2020.

Net current assets were £3,460,745 a decrease of £712,835 on the position at 31 March 2019. Cash at bank and in hand remained strong at £4,850,957 and the company does not have any borrowings.

The average number of employees was 117 compared with an average of 121 for the previous twelve months.

The company's focus is on increasing revenue through its sales activities for freight forwarding and logistics.

The company remains committed to ensuring customers receive a high quality and cost effective service.

Principal risks and uncertainties

The principal risks and uncertainties that face the company are foreign currency risk, liquidity risk, credit risk, competition risk, Brexit risk and Covid-19 risk.

Foreign Currency Risk

The company has exposure to exchange rate fluctuations in the Japanese Yen, US dollar and Euro, in its receivables and payables, forward contracts are used to hedge these risks.

Liquidity Risk

The company seeks to manage its liquidity risk by ensuring it has enough cash flow to meet foreseeable needs and to invest in assets. Annually, our Parent Company give a guarantee to our bankers to facilitate our operations.

Credit Risk

The principal asset of the company is trade debtors, which is shown in the accounts net of a reserve for doubtful debts. The company uses a third party ratings agency to assist decisions when granting credit to customers.

Competition Risk

The company operates in a highly competitive environment where a significant amount of business is undertaken without any long-term contracts. The organisation manages this risk by providing a high quality service and maintaining strong relationships with customers.

KINTETSU WORLD EXPRESS (U.K.) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Brexit Risk

Although a trade deal was concluded in December 2020 with the EU, the UK has left the customs union and single market and the effects on the freight forwarding business are still to be fully seen and implemented. The company will continue to review the implications, benefits, and risks from the developing environment.

Covid-19 Risk

During 2020 and 2021 the company has continued to trade, conforming with Covid-19 government guidelines and restrictions. The company has put measures in place to safeguard its employees and has adapted to the new online ways of communicating with customers. The company will review and monitor how to manage as the Covid-19 situation subsides with the population now being vaccinated.

Key performance indicators

The directors consider that the financial key performance indicators for the management of the business are:

	2020	2019
Gross Profit (%)	19.63	16.69
Net Assets	£3,817,090	£4,584,130
Debtor Days Outstanding	45	43

Future Developments

Although the long term implications of Brexit and Covid-19 are unknown on the freight forwarding industry, the directors expect the business levels to steadily improve following the lockdowns that have occurred. The directors will ensure the focus remains on client needs, delivering them an excellent service at a competitive cost.

On behalf of the board



J Pridden

Director

9 March 2021

KINTETSU WORLD EXPRESS (U.K.) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The company is principally engaged in the business of international freight forwarding.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Pridden

N Torii

S Ogawa

H Uchino

Y Fujita

(Resigned 1 February 2021)

(Appointed 1 February 2021)

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £659,093. The directors do not recommend payment of a further dividend.

Auditor

The auditor, Mercer & Hole, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



J Pridden

Director

Date: 9 March 2021

KINTETSU WORLD EXPRESS (U.K.) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KINTETSU WORLD EXPRESS (U.K.) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KINTETSU WORLD EXPRESS (U.K.) LIMITED

Opinion

We have audited the financial statements of Kintetsu World Express (U.K.) Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

KINTETSU WORLD EXPRESS (U.K.) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KINTETSU WORLD EXPRESS (U.K.) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Andrew Crook BA ACA (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

10 March 2021
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Chartered Accountants
Statutory Auditor

21 Lombard Street
London
EC3V 9AH

KINTETSU WORLD EXPRESS (U.K.) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	43,788,356	55,731,800
Cost of sales		(35,191,723)	(46,428,737)
Gross profit		8,596,633	9,303,063
Administrative expenses		(8,795,415)	(8,288,903)
Other operating income		50,446	44,326
Operating (loss)/profit	4	(148,336)	1,058,486
Interest receivable and similar income	7	16,147	16,874
Interest payable and similar expenses	8	(8)	(433)
Fair value gains and losses on foreign exchange contracts		-	5,224
(Loss)/profit before taxation		(132,197)	1,080,151
Tax on (loss)/profit	9	24,250	(201,359)
(Loss)/profit for the financial year		(107,947)	878,792

The profit and loss account has been prepared on the basis that all operations are continuing operations.

KINTETSU WORLD EXPRESS (U.K.) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11		356,345		410,550
Current assets					
Debtors	13	6,284,964		7,479,463	
Cash at bank and in hand		4,850,957		6,277,402	
		11,135,921		13,756,865	
Creditors: amounts falling due within one year	14	(7,675,176)		(9,583,285)	
Net current assets			3,460,745		4,173,580
Total assets less current liabilities			3,817,090		4,584,130
Capital and reserves					
Called up share capital	16	1,200,000		1,200,000	
Profit and loss reserves		2,617,090		3,384,130	
Total equity			3,817,090		4,584,130

The financial statements were approved by the board of directors and authorised for issue on 9 March 2021 and are signed on its behalf by:



J Pridden
Director

Company Registration No. 01888371

KINTETSU WORLD EXPRESS (U.K.) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2018		1,200,000	2,927,274	4,127,274
Year ended 31 March 2019:				
Profit and total comprehensive income for the year		-	878,792	878,792
Dividends	10	-	(421,936)	(421,936)
Balance at 31 March 2019		1,200,000	3,384,130	4,584,130
Year ended 31 March 2020:				
Loss and total comprehensive income for the year		-	(107,947)	(107,947)
Dividends	10	-	(659,093)	(659,093)
Balance at 31 March 2020		1,200,000	2,617,090	3,817,090

KINTETSU WORLD EXPRESS (U.K.) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	22		(510,832)		631,591
Interest paid			(8)		(433)
Income taxes paid			(199,612)		(221,747)
Net cash (outflow)/inflow from operating activities			(710,452)		409,411
Investing activities					
Purchase of tangible fixed assets		(78,271)		(128,084)	
Proceeds on disposal of tangible fixed assets		-		2,750	
Interest received		16,147		16,874	
Net cash used in investing activities			(62,124)		(108,460)
Financing activities					
Repayment of derivatives		5,224		-	
Dividends paid		(659,093)		(421,936)	
Net cash used in financing activities			(653,869)		(421,936)
Net decrease in cash and cash equivalents			(1,426,445)		(120,985)
Cash and cash equivalents at beginning of year			6,277,402		6,398,387
Cash and cash equivalents at end of year			4,850,957		6,277,402

KINTETSU WORLD EXPRESS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Kintetsu World Express (U.K.) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Millbrook Way, Colnbrook, Slough, Berkshire, SL3 0HE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

During 2020 and 2021 the company has continued to trade, conforming with Covid-19 government guidelines and restrictions. The company has put measures in place to safeguard its employees and has adapted to the new online ways of communicating with customers. The company will review and monitor how to manage as the Covid-19 situation subsides with the population now being vaccinated.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover arises wholly in the United Kingdom and represents the fair value of income earned from the provision of freight, trucking and logistic services to outside customers and fellow group companies, excluding value added tax.

The point at which a sale is recognised is dependent on the income stream. Export sales are recognised when the goods depart from the UK and import sales are recognised when the goods are delivered to the customer.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, with the exception of motor vehicles which are written down on a reducing balance basis:

Land and buildings leasehold	Over term of lease
Fixtures, fittings & equipment	Over 4 to 10 years
Motor vehicles	25% per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

KINTETSU WORLD EXPRESS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.6 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.7 Financial assets

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment:

KINTETSU WORLD EXPRESS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1.8 Financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

KINTETSU WORLD EXPRESS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

KINTETSU WORLD EXPRESS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

The company operates a defined contribution scheme. All amounts payable during the year are charged to the profit and loss account.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Foreign exchange

All monetary assets and liabilities expressed in foreign currencies have been translated into sterling using the rates of exchange ruling at the year end, except where forward exchange contracts exist and the related creditor balance is evaluated at the rate of exchange appropriate to the forward contract. Transactions have been translated at the rates ruling at the transaction dates. All differences arising from retranslation of foreign currency assets and liabilities and transactions are dealt with in the profit and loss account.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. In preparing these financial statements, the Directors have made judgements in respect of determining appropriate provisions for bad and doubtful debts. An assessment is made of the recoverable value of trade debtors by reference to the ageing profile of debtors and historical experience.

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.

KINTETSU WORLD EXPRESS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Rendering of services	43,788,356	55,731,800

	2020 £	2019 £
Other revenue		
Interest income	16,147	16,874

	2020 £	2019 £
Turnover analysed by geographical market		
Activity undertaken in the United Kingdom	43,788,356	55,731,800

4 Operating (loss)/profit

	2020 £	2019 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(6,267)	(8,562)
Fees payable to the company's auditor for the audit of the company's financial statements	32,090	33,588
Depreciation of owned tangible fixed assets	132,476	116,192
Profit on disposal of tangible fixed assets	-	(2,750)
Operating lease charges	706,500	700,684

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Sales and distribution	105	108
Administration	12	13
Total	117	121

KINTETSU WORLD EXPRESS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

5 Employees (Continued)

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	4,678,590	4,641,411
Social security costs	417,740	412,878
Pension costs	164,641	105,614
	<u>5,260,971</u>	<u>5,159,903</u>

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	<u>431,300</u>	<u>372,959</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	<u>306,307</u>	<u>255,337</u>

7 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	<u>16,147</u>	<u>16,874</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>16,147</u>	<u>16,874</u>
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8 Interest payable and similar expenses

	2020 £	2019 £
Other finance costs:		
Other interest	<u>8</u>	<u>433</u>

KINTETSU WORLD EXPRESS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	-	201,359
Adjustments in respect of prior periods	(24,250)	-
Total current tax	(24,250)	201,359

Factors affecting future tax charges

At the Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
(Loss)/profit before taxation	(132,197)	1,080,151
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(25,117)	205,229
Tax effect of expenses that are not deductible in determining taxable profit	(1,501)	(8,408)
Unutilised tax losses carried forward	24,007	-
Permanent capital allowances in excess of depreciation	2,611	-
Under/(over) provided in prior years	(24,250)	-
Other movements	-	4,538
Taxation (credit)/charge for the year	(24,250)	201,359

10 Dividends

	2020 £	2019 £
Final paid	659,093	421,936

The proposed final dividend for the year ended 31 March 2020 is £Nil (2019: £659,093).

KINTETSU WORLD EXPRESS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Tangible fixed assets

	Land and buildings leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2019	172,511	1,387,927	28,435	1,588,873
Additions	-	78,271	-	78,271
At 31 March 2020	172,511	1,466,198	28,435	1,667,144
Depreciation and impairment				
At 1 April 2019	103,101	1,046,787	28,435	1,178,323
Depreciation charged in the year	17,201	115,275	-	132,476
At 31 March 2020	120,302	1,162,062	28,435	1,310,799
Carrying amount				
At 31 March 2020	52,209	304,136	-	356,345
At 31 March 2019	69,410	341,140	-	410,550

12 Financial instruments

	2020 £	2019 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	5,420,906	6,741,989
Instruments measured at fair value through profit or loss	-	5,224
Carrying amount of financial liabilities		
Measured at amortised cost	7,510,693	9,342,713

13 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	3,056,985	4,027,507
Corporation tax recoverable	124,710	-
Amounts owed by group undertakings	2,281,867	2,603,592
Derivative financial instruments	-	5,224
Other debtors	373,866	440,215
Prepayments and accrued income	447,536	402,925
	6,284,964	7,479,463

Trade debtors disclosed above are measured at amortised cost.

KINTETSU WORLD EXPRESS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	2,618,805	1,656,825
Amounts owed to group undertakings	1,464,395	1,876,698
Corporation tax	-	99,152
Other taxation and social security	164,483	141,420
Other creditors	1,105,363	1,030,694
Accruals and deferred income	2,322,130	4,778,496
	<u>7,675,176</u>	<u>9,583,285</u>

15 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>164,641</u>	<u>105,614</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share capital

	2020 £	2019 £
Ordinary share capital Issued and fully paid 1,200,000 Ordinary Shares of £1 each	<u>1,200,000</u>	<u>1,200,000</u>

17 Reserves

The profit and loss reserve represents accumulated results to date.

KINTETSU WORLD EXPRESS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Operating lease commitments

Lessee

The amounts recognised in the profit and loss account as an expense during the year in respect of operating lease arrangements are as follows:

Minimum lease payments under operating leases during the year were £706,500 (2019: £700,684).

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	877,546	1,007,720
Between two and five years	1,879,489	2,084,754
In over five years	2,160,369	2,815,984
	<u>4,917,404</u>	<u>5,908,458</u>

19 Events after the reporting date

Since the balance sheet date, dividends of £Nil (2019: £659,093) have been declared.

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	<u>431,300</u>	<u>372,959</u>

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2020 £	2019 £	2020 £	2019 £
Non wholly owned group members	<u>1,964,563</u>	<u>3,978,374</u>	<u>1,876,727</u>	<u>7,251,473</u>

KINTETSU WORLD EXPRESS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts owed to related parties		
Non wholly owned group members	344,779	304,253
	<u>344,779</u>	<u>304,253</u>

The following amounts were outstanding at the reporting end date:

	2020
	£
Amounts owed by related parties	
Non wholly owned group members	267,356
	<u>267,356</u>

	2019
	£
Amounts owed in previous period	
Non wholly owned group members	343,764
	<u>343,764</u>

The company taken exemption under FRS 102 from disclosure of transactions with entities that are wholly controlled by the ultimate parent company, Kintetsu World Express (Japan) Inc.

21 Ultimate controlling party

The immediate and controlling party is Kintetsu World Express (Japan) Inc. a company incorporated in Japan.

The smallest and largest group within which the company's financial statements are consolidated are those of Kintetsu World Express (Japan) Inc. A copy of the consolidated accounts can be obtained from the website of Kintetsu World Express (Japan) Inc.

KINTETSU WORLD EXPRESS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Cash (absorbed by)/generated from operations	2020 £	2019 £
(Loss)/profit for the year after tax	(107,947)	878,792
Adjustments for:		
Taxation (credited)/charged	(24,250)	201,359
Finance costs	8	433
Investment income	(16,147)	(16,874)
Gain on disposal of tangible fixed assets	-	(2,750)
Fair value gain on foreign exchange contracts	-	(5,224)
Depreciation and impairment of tangible fixed assets	132,476	116,192
Movements in working capital:		
Decrease in debtors	1,313,985	636,443
Decrease in creditors	(1,808,957)	(1,176,780)
Cash (absorbed by)/generated from operations	(510,832)	631,591
23 Analysis of changes in net funds	1 April 2019 £	Cash flows 31 March 2020 £
Cash at bank and in hand	6,277,402	(1,426,445) 4,850,957