

**Company Registration No. 1888371**

**Kintetsu World Express (UK) Limited**

**Report and Financial Statements**

**For year ended 31 December 2005**



## **Kintetsu World Express (UK) Limited**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>3</b>
<b>Independent auditors' report</b>	<b>4</b>
<b>Consolidated profit and loss account</b>	<b>5</b>
<b>Consolidated statement of total recognised gains and losses</b>	<b>6</b>
<b>Consolidated balance sheet</b>	<b>7</b>
<b>Company balance sheet</b>	<b>8</b>
<b>Notes to the accounts</b>	<b>9 -20</b>

# **Kintetsu World Express (UK) Limited**

## **Officers and Professional Advisers**

### **DIRECTORS**

T Kumokawa (Chairman)  
H Ogawa  
S Fudeyasu  
S Aikawa  
T Weppelmann

### **SECRETARY**

H Ogawa

### **REGISTERED OFFICE**

Unit 2, Poyle 14  
Newlands Drive  
Colnbrook  
Slough SL3 0DX

### **BANKERS**

Barclays Bank PLC  
Heathrow and Uxbridge Business Centre  
P O Box No. 166  
Heathrow Airport (London)  
Hounslow  
Middlesex TW6 2RA

The Bank of Tokyo-Mitsubishi Ltd  
London Branch  
12-15 Finsbury Circus  
London EC2M 7BT

UFJ Bank  
London Branch  
PO Box 36  
55 Basinghall Street  
London EC2V 5DL

### **SOLICITORS**

Stephenson Harwood  
1 St. Paul's Churchyard  
London EC4M 8SH

Turbervilles  
122 High Street  
Uxbridge UB8 1JT

Colemans Solicitors  
27 Marlow Road  
Maidenhead  
Berkshire SL6 7AE

Manches  
Aldwych House  
81 Aldwych  
London WC2B 4RP

### **AUDITORS**

Mercer & Hole  
Chartered Accountants  
76 Shoe Lane  
London  
EC4A 3JB

## **Kintetsu World Express (UK) Limited**

### **Directors' Report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

#### **Principal activities**

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

#### **Results**

The consolidated results for the year are given in the profit and loss account on page 5. The consolidated loss for the year after taxation was £ 181,894 (2004 profit – £4,063).

#### **Dividends**

The directors did not recommend the payment of a dividend during the year (2004 – £nil). No final dividend is proposed.

#### **Future prospects**

The directors intend to continue the business of international freight forwarding and will work towards consolidating their position in the market place.

#### **Directors**

The directors who served throughout the year, except as noted, are detailed below:

T Kumokawa	(Chairman)	(Japanese)
S Kawakami		(Japanese) Resigned 19/04/2005
S Aikawa		(Japanese) Appointed 19/04/2005
S Fudeyasu		(Japanese)
H Ogawa		(Japanese)
T Weppelmann		

None of the directors who held office at 31 December 2005 held any beneficial or non-beneficial interests in the shares of the company, the parent company or any other group companies.

None of the directors had any interests in the shares of the subsidiary Kintetsu World Express South Africa (PTY) Limited.

#### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Mercer and Hole be re-appointed as auditors will be put to the Annual General Meeting.



27 October 2006

Approved by the Board of Directors  
and signed on behalf of the Board

H Ogawa  
Director

## **Kintetsu World Express (UK) Limited**

### **Statement of Directors' Responsibilities**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Statement of disclosure to Auditor**

- So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and establish that company's auditors are aware of the information.

## **Kintetsu World Express (UK) Limited**

### **Independent Auditors' Report to the Directors of Kintetsu World Express (UK) Limited**

We have audited the financial statements of Kintetsu World Express (UK) Limited for the year ended 31 December 2005, which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the balance sheets and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 the directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standard on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view in accordance with United Kingdom General Accepted Accounting Practice of the state of affairs of the Company and of the group as at 31 December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Marc R Hole*

*31 October 2006*

**Mercer & Hole**  
Chartered Accountants  
Registered Auditor

76 Shoe Lane  
London  
EC4A 3JB

# Kintetsu World Express (UK) Limited

## Consolidated Profit and Loss Account Year ended 31 December 2005

	Note	2005 £	2004 £ As restated (See Note 3)
<b>Turnover</b>	1	34,794,339	39,306,855
Cost of sales		(25,598,263)	(25,812,913)
<b>Gross profit</b>		9,196,076	13,493,942
Administrative expenses		(9,116,989)	(12,724,896)
Other operating income		15,411	9,261
<b>Operating profit</b>		94,498	778,307
Profit on sale of tangible assets		9,329	-
Profit on sale of share of subsidiary undertaking		118,020	-
Write down of capitalised software costs	3	-	(130,606)
Share of associates' operating (loss/profit)	4	33,670	(224,688)
Interest receivable and similar income	5		
- Group		74,374	230,489
- Associates		180	348
Interest payable and similar charges	5		
- Group		(171,259)	(66,323)
- Associates		(9,069)	(5,967)
<b>Profit on ordinary activities before taxation</b>	6	149,743	581,560
Tax on profit on ordinary activities	7	(331,637)	(577,497)
<b>Profit/(loss) on ordinary activities after taxation</b>		(181,894)	4,063
Minority interests		(73,064)	(258,682)
<b>Loss after taxation and minority interest and retained for the year</b>	18	(254,958)	(254,619)

All activities arise from continuing operations in the current and preceding year.

## **Kintetsu World Express (UK) Limited**

### **Consolidated Statement of Total Recognised Gains and Losses Year ended 31 December 2005**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
		<b>As restated</b>
		<b>(See note 3)</b>
Loss for the financial year	(254,958)	(254,619)
Prior year adjustment	-	354,416
Foreign currency translation difference on net investment	56,133	124,946
<b>Total recognised gains and losses relating to the year</b>	<b>(198,825)</b>	<b>224,743</b>




# Kintetsu World Express (UK) Limited

## Consolidated Balance Sheet 31 December 2005

	Note	2005 £	2004 £ As restated (See note 3)
<b>Fixed assets</b>			
Intangible assets	9	-	20,276
Tangible assets	10	3,130,482	3,182,933
Investments	11	242,486	223,512
		<u>3,372,968</u>	<u>3,426,721</u>
<b>Current assets</b>			
Debtors	12	12,876,308	10,750,698
Cash at bank and in hand		1,844,351	3,160,147
		<u>14,720,659</u>	<u>13,910,845</u>
<b>Creditors: amounts falling due within one year</b>	13	(14,372,709)	(13,830,990)
<b>Net current assets</b>		<u>347,950</u>	<u>79,855</u>
<b>Total assets less current liabilities</b>		<u>3,720,918</u>	<u>3,506,576</u>
<b>Provision for liabilities and charges</b>	14	(62,822)	549
<b>Net assets</b>		<u>3,658,096</u>	<u>3,507,125</u>
<b>Capital and reserves</b>			
Called up share capital	17	1,200,000	1,200,000
Profit and loss account		1,167,317	1,366,142
<b>Equity shareholders' funds</b>	18	2,367,317	2,566,142
Minority interest		1,290,779	940,983
<b>Total equity shareholders' funds</b>		<u>3,658,096</u>	<u>3,507,125</u>

These financial statements were approved by the Board of Directors on 27/10/06.....

Signed on behalf of the Board of Directors:



H Ogawa  
Director

# Kintetsu World Express (UK) Limited

## Company Balance Sheet 31 December 2005

	Note	2005 £	2004 £
<b>Fixed assets</b>			
Tangible assets	10	1,241,445	1,221,254
Investments	11	404,824	457,453
		<u>1,646,269</u>	<u>1,678,707</u>
<b>Current assets</b>			
Debtors	12	6,331,016	6,622,343
Cash at bank and in hand		700,173	1,112,000
		<u>7,031,189</u>	<u>7,734,343</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(8,441,540)</u>	<u>(8,784,715)</u>
<b>Net current liabilities</b>		<u>(1,410,351)</u>	<u>(1,050,372)</u>
<b>Total assets less current liabilities</b>		235,918	628,335
<b>Provision for liabilities and charges</b>	14	-	-
<b>Net assets</b>		<u>235,918</u>	<u>628,335</u>
<b>Capital and reserves</b>			
Called up share capital	17	1,200,000	1,200,000
Profit and loss account		<u>(964,082)</u>	<u>(571,665)</u>
<b>Equity shareholders' funds</b>	18	<u>235,918</u>	<u>628,335</u>

These financial statements were approved by the Board of Directors on 27/10/06.

Signed on behalf of the Board of Directors:



H Ogawa  
Director

# **Kintetsu World Express (UK) Limited**

## **Notes to the Accounts Year ended 31 December 2005**

### **1. Accounting policies**

The financial statements are prepared in accordance with United Kingdom applicable accounting standards. The particular accounting policies adopted are described below, and have been applied consistently in the current and preceding year.

#### **Basis of accounting**

The accounts have been prepared under the historical cost convention. Under the provisions of Financial Reporting Standard No.1, the company has not prepared a cash flow statement because its parent company, which is incorporated in Japan, has prepared consolidated accounts, which include the results of the company and are publicly available.

#### **Basis of consolidation**

The group accounts consolidate the accounts of Kintetsu World Express (UK) Limited and its subsidiary undertaking drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

#### **Intangible assets – goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over five years. Provision is made for any impairment.

#### **Tangible fixed assets**

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:

Leasehold improvements	Over term of lease
Motor vehicles	25% per annum
Fixtures and fittings	Over four to six years

Residual value is calculated on prices prevailing at the date of acquisition.

#### **Associates**

In the group accounts investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the group's share of associates' profits less losses, while the group's share of the net assets of the associates is shown in the consolidated balance sheet. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

#### **Turnover**

Turnover represents the group's gross income earned from the provision of freight, trucking and logistic services to outside customers excluding value added tax.

# Kintetsu World Express (UK) Limited

## Notes to the Accounts

Year ended 31 December 2005

### 1. Accounting policies (continued)

#### Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### 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 rates of exchange appropriate to the forward contract. Transactions have been translated at the rates ruling at the transaction dates. The results and balance sheets of overseas operations are translated at the closing rates of exchange at the balance sheet date. Exchange differences arising on translation of the opening net assets and on foreign currency borrowings, to the extent that they hedge the group's investment in such operations, are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

#### Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

#### Pension costs

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

### 2. Information regarding directors and employees

	2005 £	2004 £
Directors' emoluments	315,830	316,731
	<u>315,830</u>	<u>316,731</u>
Remuneration of the highest paid director	165,649	176,245
	<u>165,649</u>	<u>176,245</u>

There was only one (2004 – 1) director who was a member of a money purchase scheme. The contribution paid in 2005 was £9,169(2004 – £13,977).

	No.	No.
Average number of persons employed (excluding executive directors)		
Sales and distribution	228	223
Administration	47	37
	<u>275</u>	<u>260</u>

# Kintetsu World Express (UK) Limited

## Notes to the Accounts Year ended 31 December 2005

### 2. Information regarding directors and employees (continued)

	2005 £	2004 £
<b>Staff costs during the year</b>		
Wages and salaries	6,154,784	5,906,618
Social security costs	278,620	262,212
Other pension costs and benefits	257,520	246,654
	<u>6,690,924</u>	<u>6,415,484</u>

### 3. Prior year Adjustments

The South African subsidiary carried out a review of its accounting policies during 2005 and implemented changes in three areas;

- Straight lining of leases- whereby operating leases with fixed escalation clauses will be recognised on A straight line rather than cash basis.
- Reconsidering the useful lives of plant and equipment and adjusting depreciation accordingly.
- Reconsidering the useful lives of software and adjusting amortisation accordingly.

The overall impact of change in interpretation and new accountancy policy as follows:

	2005 £	2004 £
Fixed asset	353,867	-
Deferred tax	549	-
Capitalisation of software development	-	477,878
Adjustment to reserve	<u>353,416</u>	<u>477,878</u>

### 4. Share of associates' operating (loss)/profits

	2005 £	2004 £
Existing operations	<u>33,670</u>	<u>(224,688)</u>

# Kintetsu World Express (UK) Limited

## Notes to the Accounts Year ended 31 December 2005

### 5. Finance income (net)

#### Investment income

	2005 £	2004 £
Interest receivable and similar income		
- Group	74,374	230,489
- Associates	180	348
	<u>74,554</u>	<u>230,837</u>

#### Interest payable and similar charges

	2005 £	2004 £
Bank loans and overdrafts		
- Group	171,259	66,323
- Associates	9,069	5,967
	<u>180,328</u>	<u>72,290</u>

### 6. Profit on ordinary activities before taxation

	2005 £	2004 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation – owned assets	806,907	790,344
Amortisation of goodwill	20,276	38,837
Auditors' remuneration for audit services		
- company	35,000	35,000
- group	32,968	56,053
Auditors' remuneration for non-audit services		
- company	5,000	5,000
- group	5,000	5,000
Rentals under operating leases:		
- Hire of plant and machinery	65,382	115,244
- Other	1,513,300	1,490,908
	<u>1,513,300</u>	<u>1,490,908</u>

## Kintetsu World Express (UK) Limited

### Notes to the Accounts

Year ended 31 December 2005

#### 7. Tax on profit on ordinary activities

##### *i) Analysis of tax charge on ordinary activities*

	2005 £	2004
UK Corporation tax at 30% (2004 – 30%) based on the profit for the year	-	-
Adjustment in respect of prior years	-	-
Double taxation relief	-	-
	<hr/>	<hr/>
Group relief:		
Foreign tax for current period	(328,859)	(594,125)
Adjustment in respect of prior years	-	-
	<hr/>	<hr/>
	(328,859)	(594,125)
Deferred taxation:		
Timing differences, origination and reversal	-	11,442
Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods	-	-
Adjustment in respect of prior years	(2,778)	5,186
	<hr/>	<hr/>
	(331,637)	(577,497)

##### *ii) Factors affecting tax charge for the current year*

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK: 30% (2004: 30%)

The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	149,743	581,560
Tax at 30% thereon:	(44,922)	(174,468)
Effects of:		
Expenses not deductible for tax purposes	(17,397)	(381,647)
Capital allowances in excess of depreciation	39,680	(133,485)
Unrecognised tax losses	(321,550)	95,475
Overseas tax rates	-	-
Consolidation adjustments	12,552	-
	<hr/>	<hr/>
Current tax charge for year	(331,637)	(594,125)

The company has trading losses of £2,152,346 available for set off against future taxable profits.

#### 8. Profit attributable to parent company

The loss for the financial year dealt with in the accounts of the parent company, Kintetsu World Express (UK) Limited, was £392,417 (2004 – loss £32,574). As permitted by Section 230 of the Companies Act 1985 no separate profit and loss account is presented in respect of the parent company.

# Kintetsu World Express (UK) Limited

## Notes to the Accounts Year ended 31 December 2005

### 9. Intangible fixed assets - goodwill

	Positive goodwill £
<b>Cost</b>	
At 1 January 2005 and 31 December 2005	236,050
<b>Depreciation</b>	
At 1 January 2005	215,774
Charge for the year	20,276
At 31 December 2005	236,050
<b>Net book value</b>	
At 31 December 2005	-
At 31 December 2004	20,276

### 10. Tangible fixed assets

Group	Leasehold improvements £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>				
Opening balance (as previously reported)	1,256,981	169,273	5,069,142	6,495,396
Prior year adjustments	-	(22,001)	16,426	(5,575)
Opening balance as restated	1,256,981	147,272	5,085,568	6,489,821
Additions	239,753	6,800	602,167	848,720
Retranslation opening balances	197	25	853	1,075
Disposals	(129,296)	(13,279)	(274,074)	(416,649)
At 31 December 2005	1,367,635	140,818	5,414,514	6,922,967
<b>Accumulated depreciation</b>				
Opening balance (as previously reported)	462,021	116,497	3,087,812	3,666,330
Prior year adjustments	(88,057)	(21,996)	(249,389)	(359,442)
At 1 January 2005	373,964	94,501	2,838,423	3,306,888
Charge for the year	163,004	18,679	625,224	806,907
Retranslation opening balances	56	15	299	370
Disposals	(45,418)	(11,539)	(264,723)	(321,680)
At 31 December 2005	491,606	101,656	3,199,223	3,792,485
<b>Net book value</b>				
At 31 December 2005	876,029	39,162	2,215,291	3,130,482
At 31 December 2004 as restated	883,017	52,771	2,247,145	3,182,933



# Kintetsu World Express (UK) Limited

## Notes to the Accounts Year ended 31 December 2005

### 10. Tangible fixed assets (continued)

Company	Leasehold improvements £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 2005	809,001	91,252	2,787,076	3,687,329
Additions	13,650	6,800	347,583	368,033
Disposals	(129,296)	-	(19,308)	(148,604)
At 31 December 2005	693,355	98,052	3,115,351	3,906,758
<b>Accumulated depreciation</b>				
At 1 January 2005	246,453	60,627	2,158,995	2,466,075
Charge for the year	87,362	8,790	161,018	257,170
Disposals	(45,418)	-	(12,514)	(57,932)
At 31 December 2005	288,397	69,417	2,307,499	2,665,313
<b>Net book value</b>				
At 31 December 2005	404,958	28,635	807,852	1,241,445
At 31 December 2004	562,548	30,625	628,081	1,221,254

### 11. Fixed assets investments

#### Group - Associates

	2005 £
<b>Cost</b>	
At 1 January 2005	223,512
Share of retained profit for the year	18,974
At 31 December 2005	242,486

Included in associate investments at the beginning and end of the year is Kintetsu World Express (Ireland) Limited.

# Kintetsu World Express (UK) Limited

## Notes to the Accounts Year ended 31 December 2005

### 11. Fixed assets investments (continued)

The following information is given in respect of the group's share of all associates:

	2005 £	2004 £
Turnover	4,375,352	4,619,427
Fixed assets	195,999	164,244
Current assets	1,112,115	1,255,440
Liabilities due within one year	908,429	1,059,075
Liabilities due after more than one year	147,200	121,771

### Additional information on subsidiary and associated undertakings:

Company	Country of incorporation	Class of capital	Holding	Principal activity
<b>Subsidiary undertakings</b>				
Kintetsu Euro Transport Limited	Great Britain	'A' and 'B' Ordinary shares of £1 each	100%	Dormant
Kintetsu World Express South Africa (PTY) Ltd	South Africa	Ordinary shares of R1 each	54%	Freight forwarding
Captech Limited	South Africa	Ordinary shares of R1 each	44.8%	Software provider
<b>Associates</b>				
Kintetsu World Express (Ireland) Limited	Ireland	Ordinary shares of £1 each	50%	Freight forwarding

### Company – Subsidiaries and Associates

	2005 £
<b>Cost</b>	
At 1 January 2005	835,353
Disposal	(52,629)
At 31 December 2005	782,724
<b>Provision for diminution in value</b>	
At 1 January 2005	377,900
Charge for the year	-
At 31 December 2005	377,900
<b>Net Book Value</b>	
At 31 December 2005	404,824
At 31 December 2004	457,453

# Kintetsu World Express (UK) Limited

## Notes to the Accounts Year ended 31 December 2005

### 12. Debtors

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	9,350,095	6,865,477	3,466,158	3,138,659
Amounts owed by group companies:				
- subsidiary undertakings	-	-	174,186	264,108
- fellow subsidiaries	1,147,757	1,439,698	969,598	1,389,353
- parent company	1,316,052	1,025,353	1,042,744	886,501
Other debtors	385,541	352,657	238,835	352,657
Prepayments and accrued income	676,863	1,019,548	439,495	591,065
Corporation tax recoverable	-	-	-	-
Deferred tax asset (see note 14)	-	47,965	-	-
	<u>12,876,308</u>	<u>10,750,698</u>	<u>6,331,016</u>	<u>6,622,343</u>

### 13. Creditors: amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	2,844,315	3,101,094	2,826,000	3,082,786
Trade creditors	6,008,710	5,191,607	1,356,588	423,737
Amounts owed to group companies:				
- parent company	471,161	1,744,917	301,591	1,659,582
- fellow subsidiaries	1,761,849	1,010,377	450,979	822,178
- subsidiary undertaking	-	-	12,789	215,648
Other taxation and social security	532,771	490,295	426,359	383,930
Other creditors	42,767	36,157	-	-
Accruals and deferred income	2,711,136	2,256,543	3,067,234	2,196,854
	<u>14,372,709</u>	<u>13,830,990</u>	<u>8,441,540</u>	<u>8,784,715</u>

### 14. Deferred tax

Group	2005	2004
	£	£
	As restated	
Deferred taxation movement for the year:		
Opening balance – liability	(47,965)	(33,392)
Opening balance adjustment	549	-
Opening balance as restated	(47,416)	(33,392)
Acquisition of subsidiary undertaking	-	-
Current year credit	(15,385)	(11,442)
Net change in interpretation and new accountancy policies	-	549
Foreign exchange movements	(21)	(3,131)
Closing balance	<u>(62,822)</u>	<u>(47,416)</u>

# Kintetsu World Express (UK) Limited

## Notes to the Accounts Year ended 31 December 2005

### 14. Deferred tax (continued)

There is no unprovided deferred tax asset (2004: of £nil).

	Provided	
	2005	2004
	£	£
Capital allowances in excess of depreciation	(130,132)	(28,390)
Other short term timing differences	67,310	(18,093)
Losses	-	(1,482)
Deferred tax	<u>(62,822)</u>	<u>(47,965)</u>

Company	2005	2004
	£	£
Deferred taxation movement for the year:		
Opening balance	-	-
Current year (credit)/asset	-	-
Closing balance	<u>-</u>	<u>-</u>

There is an unprovided deferred tax asset of £645,704 (2004: £303,234) due to capital allowances and other timing differences.

	Potential		Provided	
	2005	2004	2005	2004
	£	£	£	£
Capital allowances in excess of depreciation	-	-	(67,310)	19,575
Other short term timing differences	-	-	67,310	(18,093)
Losses	645,704	303,234	-	(1,482)
	<u>645,704</u>	<u>303,234</u>	<u>-</u>	<u>-</u>

# Kintetsu World Express (UK) Limited

## Notes to the Accounts

Year ended 31 December 2005

### 15. Operating lease commitments

At 31 December 2005 the group was committed to making the following payments during the next year in respect of operating leases:

Group	2005		2004	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
Within one year	488,583	169,482	376,076	9,256
Within two to five years	1,989,555	378,216	2,040,805	54,544
After five years	483,960	-	451,735	-
	<u>2,962,098</u>	<u>547,698</u>	<u>2,868,616</u>	<u>63,800</u>

At 31 December 2005 the company was committed to making the following payments during the next year in respect of operating leases:

Company	2005		2004	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
Within one year	47,000	11,512	25,400	9,256
Within two to five years	607,304	53,027	653,386	54,544
After five years	483,960	-	451,735	-
	<u>1,138,264</u>	<u>64,539</u>	<u>1,130,521</u>	<u>63,800</u>

### 16. Pension scheme

The company operates a defined contribution pension scheme. The pension costs represent contributions payable by the company to the scheme. The charge for the year amounted to £257,520 (2004 – £246,654). At the balance sheet date there were no amounts due to the scheme (2004 – £nil).

### 17. Called up share capital

	2005		2004	
	Number	£	Number	£
<b>Authorised:</b>				
Ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
<b>Called up, allotted and fully paid</b>				
Ordinary shares of £1 each	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>

# Kintetsu World Express (UK) Limited

## Notes to the Accounts Year ended 31 December 2005

### 18. Reconciliation of reserves and movement in total shareholders' funds

Group	Share Capital £	Profit and loss account £	2005 Total £	2004 Total £
Opening shareholders' funds (as previously reported)	1,200,000	1,011,726	2,211,726	2,819,277
Prior year adjustment (Note 3)	-	354,416	354,416	(477,878)
Opening shareholders' funds as restated	1,200,000	1,366,142	2,566,142	2,341,399
Retained loss for the year	-	(254,958)	(254,958)	(254,619)
Foreign exchange difference	-	56,133	56,133	124,946
Closing shareholders' funds	1,200,000	1,167,317	2,367,317	2,211,726
<b>Company</b>				
Opening shareholders' funds (as previously reported)	1,200,000	(571,665)	628,335	1,138,787
Prior year adjustment (Note 3)	-	-	-	(477,878)
Opening shareholders' funds as restated	1,200,000	(571,665)	628,335	660,909
Retained loss for the year	-	(392,417)	(392,417)	(32,574)
Closing shareholders' funds	1,200,000	(964,082)	235,918	628,335

### 19. Related party disclosure

The company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 not to disclose related party transactions with Kintetsu Group companies.

### 20. Ultimate parent undertaking and holding company

The smallest group of which the company is a member is Kintetsu World Express (UK) Limited. The ultimate parent company and controlling entity is Kintetsu World Express Inc, a company incorporated in Japan. Copies of the group accounts are available from the following address: Ohtemachi Bldg, 1-6-1 Ohtemachi, Chiyoda-ku, Tokyo, 100-0004, Japan.