

Company Registration No 01888371 (England and Wales)

KINTETSU WORLD EXPRESS (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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KINTETSU WORLD EXPRESS (UK) LIMITED

COMPANY INFORMATION

Directors	S Ishizaki J Pridden Y Hatano T Kase	
Company number	01888371	
Registered office	Unit 2, Poyle 14 Newlands Drive Colnbrook Slough SL3 0DX	
Auditors	Mercer & Hole International Press Centre 76 Shoe Lane London EC4A 3JB	
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 UFJ, Ltd London Branch 12-15 Finsbury Circus London EC2M 7BT	
Solicitors	Manches Aldwych House London WC2B 4RP Colemans Solicitors 27 Marlow Road Maidenhead SL6 7AE	Eversheds LLP 1 Wood Street 81 Aldwych House London EC2V 7WS

KINTETSU WORLD EXPRESS (UK) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3-4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 12

KINTETSU WORLD EXPRESS (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activities and review of the business

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

The directors consider the results achieved on ordinary activities to be satisfactory in the light of current trading conditions. The financial position at the balance sheet date was also satisfactory with net assets of £1,219,941 (2010 £614,843)

Competition is the principal risk to the company. The organisation manages this risk by providing a high quality service and maintaining strong relationships with customers.

The company manages its foreign currency liabilities by using forward contracts to hedge risk.

Results and dividends

The results for the year are set out on page 5.

The Directors do not recommend the payment of a dividend during the year (2010 £nil). No final dividend is proposed.

Employee involvement

The company maintains close consultation with its employees regarding matters that are likely to affect their interests and is committed to involving them in the performance and development of the business including periodic staff meetings.

Future developments

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

Directors

The following directors have held office since 1 January 2011

S Ishizaki	
T Nakajima	(Resigned 30 May 2012)
J Pridden	
Y Hatano	(Appointed 25 May 2011)
T Kase	(Appointed 25 May 2011)
T Weppelmann	(Resigned 25 May 2011)

Auditors

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

KINTETSU WORLD EXPRESS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law 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,
- 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

On behalf of the board



J Pridden

Director

20 AUGUST 2012

KINTETSU WORLD EXPRESS (UK) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KINTETSU WORLD EXPRESS (UK) LIMITED

We have audited the financial statements of Kintetsu World Express (UK) Limited for the year ended 31 December 2011 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31 December 2011 and of its profit 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.

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.

KINTETSU WORLD EXPRESS (UK) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF KINTETSU WORLD EXPRESS (UK) LIMITED

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, 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

Mercer & Hole

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

30 August 2012

Chartered Accountants
Statutory Auditor

International Press Centre
76 Shoe Lane
London
EC4A 3JB

KINTETSU WORLD EXPRESS (UK) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2011**


	Notes	2011 £	2010 £
Turnover	2	50,936,266	41,562,996
Cost of sales		(42,901,211)	(34,511,436)
Gross profit		8,035,055	7,051,560
Administrative expenses		(7,494,289)	(6,602,641)
Other operating income		60,252	62,264
Operating profit	3	601,018	511,183
Other interest receivable and similar income	4	6,004	2,441
Interest payable and similar charges	5	(243)	(2,233)
Profit on ordinary activities before taxation		606,779	511,391
Tax on profit on ordinary activities	6	(1,681)	(683)
Profit for the year	12	605,098	510,708

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

There are no recognised gains and losses other than those passing through the profit and loss account

KINTETSU WORLD EXPRESS (UK) LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2011**

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	7		276,830		413,140
Current assets					
Debtors	8	7,251,836		6,494,137	
Cash at bank and in hand		2,294,728		2,669,401	
		9,546,564		9,163,538	
Creditors amounts falling due within one year	9	(8,603,453)		(8,961,835)	
Net current assets			943,111		201,703
Total assets less current liabilities			1,219,941		614,843
Capital and reserves					
Called up share capital	11	1,200,000		1,200,000	
Profit and loss account	12	19,941		(585,157)	
Shareholders' funds	13	1,219,941		614,843	

Approved by the Board and authorised for issue on **20 AUGUST 2012**J Pridden
Director

Company Registration No 01888371

KINTETSU WORLD EXPRESS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The particular accounting policies adopted are described below, and have been applied consistently in the current and preceding year

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

1.2 Turnover

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

1.3 Tangible fixed assets and depreciation

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 6 years
Motor vehicles	25% per annum

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

1.4 Leasing

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

1.5 Pensions

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

1.6 Deferred taxation

UK Corporation tax is provided at the 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 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

KINTETSU WORLD EXPRESS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011****1 Accounting policies (continued)****1.7 Foreign currency translation**

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 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2011	2010
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	211,558	210,300
Operating lease rentals	804,977	797,977
Auditors' remuneration (including expenses and benefits in kind)	33,110	30,500
and after crediting		
Profit on foreign exchange transactions	<u>(46,993)</u>	<u>(82,892)</u>

4 Investment income	2011	2010
	£	£
Bank interest	6,004	2,441
	<u>6,004</u>	<u>2,441</u>

5 Interest payable	2011	2010
	£	£
On bank loans and overdrafts	<u>243</u>	<u>2,233</u>

KINTETSU WORLD EXPRESS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

6	Taxation	2011 £	2010 £
	Domestic current year tax		
	U K corporation tax	1,681	683
	Total current tax	<u>1,681</u>	<u>683</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>606,779</u>	<u>511,391</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.49% (2010 - 28.00%)	<u>160,736</u>	<u>143,189</u>
	Effects of		
	Non deductible expenses	25,951	29,103
	Capital allowances in excess of depreciation	(16,332)	(27,691)
	Tax losses utilised	(160,074)	(144,189)
	Other tax adjustments	(8,600)	271
		<u>(159,055)</u>	<u>(142,506)</u>
	Current tax charge for the year	<u>1,681</u>	<u>683</u>

7 Tangible fixed assets

	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2011	596,975	2,371,201	52,097	3,020,273
Additions	-	55,603	19,645	75,248
At 31 December 2011	<u>596,975</u>	<u>2,426,804</u>	<u>71,742</u>	<u>3,095,521</u>
Depreciation				
At 1 January 2011	525,311	2,031,427	50,395	2,607,133
Charge for the year	59,402	148,037	4,119	211,558
At 31 December 2011	<u>584,713</u>	<u>2,179,464</u>	<u>54,514</u>	<u>2,818,691</u>
Net book value				
At 31 December 2011	<u>12,262</u>	<u>247,340</u>	<u>17,228</u>	<u>276,830</u>
At 31 December 2010	<u>71,664</u>	<u>339,774</u>	<u>1,702</u>	<u>413,140</u>

KINTETSU WORLD EXPRESS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

8 Debtors	2011	2010
	£	£
Trade debtors	4,200,486	4,346,420
Amounts owed by parent company	1,081,967	598,069
Amounts owed by fellow subsidiary undertakings	1,170,408	1,027,015
Other debtors	256,418	252,054
Prepayments and accrued income	542,557	270,579
	<u>7,251,836</u>	<u>6,494,137</u>

9 Creditors amounts falling due within one year	2011	2010
	£	£
Trade creditors	2,012,985	840,526
Amounts owed to parent company	2,216,362	3,727,217
Amounts owed to fellow subsidiary undertakings	889,013	1,099,743
Corporation tax	7,081	6,083
Other taxes and social security costs	107,175	90,345
Other creditors	1,469,944	805,924
Accruals and deferred income	1,900,893	2,391,997
	<u>8,603,453</u>	<u>8,961,835</u>

10 Pension and other post-retirement benefit commitments

The company operates a defined contribution pension scheme. The pension costs represent contribution payable by the company to the scheme.

	2011	2010
	£	£
Death in service contributions payable by the company for the year	<u>50,907</u>	<u>45,040</u>

11 Share capital	2011	2010
	£	£
Allotted, called up and fully paid		
1,200,000 Ordinary shares of £1 each	<u>1,200,000</u>	<u>1,200,000</u>

KINTETSU WORLD EXPRESS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2011	(585,157)
Profit for the year	605,098
Balance at 31 December 2011	<u>19,941</u>

13 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	605,098	510,708
Opening shareholders' funds	<u>614,843</u>	<u>104,135</u>
Closing shareholders' funds	<u>1,219,941</u>	<u>614,843</u>

14 Financial commitments

At 31 December 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2012

	Land and buildings		Other	
	2011 £	2010 £	2011 £	2010 £
Operating leases which expire				
Within one year	45,073	38,185	34,617	24,664
Between two and five years	478,520	323,520	123,142	116,289
In over five years	<u>114,403</u>	<u>263,403</u>	<u>-</u>	<u>-</u>
	<u>637,996</u>	<u>625,108</u>	<u>157,759</u>	<u>140,953</u>

Kintetsu World Express (UK) Limited entered into purchase contracts for services to be received in the next accounting period. The company is aware that this leads to foreign exchange risk and to mitigate this risk has entered into a forward exchange contract.

At the year end the company held unexercised foreign exchange contracts with a value of £2,771,022 (2010 £3,833,392)

KINTETSU WORLD EXPRESS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011**

15 Directors' emoluments	2011	2010
	£	£
Emoluments for qualifying services	214,825	96,246

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2010 - 1)

16 Employees**Number of employees**

The average monthly number of employees (including directors) during the year was

	2011	2010
	Number	Number
Sales and distribution	104	89
Administration	21	19
	<u>125</u>	<u>108</u>

Employment costs	2011	2010
	£	£
Wages and salaries	3,596,027	2,845,784
Social security costs	351,577	290,234
Other pension costs	50,907	45,040
	<u>3,998,511</u>	<u>3,181,058</u>

17 Ultimate controlling party and holding company

The smallest group of which the company is a member is Kintetsu World Express Inc, a company incorporated in Japan

The ultimate parent company and controlling entity is Kintetsu World Express Inc. Copies of the group accounts are available from the following address: Ohtemachi Bldg, 1-6-1 Ohtemachi, Chiyoda-ku, Tokyo, 100-0004, Japan

18 Related party transactions

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