

**Expeditors International (UK)
Limited**

**Directors' report and financial
statements**

31 December 1994

Registered number 1872622



Expeditors International (UK) Limited

Directors' report and financial statements

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Expeditors International (UK) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

Principal activities

The principal activity of the company is air and sea freight export and import forwarding.

Business review

The company's result for the year was satisfactory and the directors believe that this position will be maintained in the current year.

Proposed dividend and transfer to reserves

The profit on ordinary activities of the company for the year was £986,990 (1993: profit of £818,153 with a dividend paid of £1,000,000). The directors recommend that £13,010 be transferred from reserves.

The directors do not recommend the payment of a final dividend. An interim dividend of £1,000,000 was paid, £967,750 to the ordinary shareholders and £32,250 to the preference shareholders.

Significant changes in fixed assets

Details of changes in fixed assets are given in note 6 to the financial statements.

Directors and directors' interests

The directors who held office during the year were as follows:

GE Fowler (resigned 17 August 1994)
AD Allen
MR Claydon
PJ Rose

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Expeditors International (UK) Limited

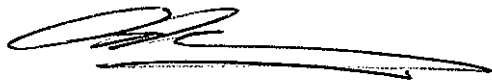
Directors' report *(continued)*

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

In accordance with Section 384 of the Companies Act 1985 a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



AD Allen
Secretary

Unit 4 & 5
The Heston Centre
Southall Lane
Heston
Middlesex
TW5 9NJ

Expeditors International (UK) Limited

Statement of directors' responsibilities

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 of the profit or loss of the company 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, 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and prevent and detect fraud and other irregularities.



Arlington Business Park
Theale
Reading
Berks RG7 4SD

Report of the auditors to the members of Expeditors International (UK) Limited

We have audited the financial statements on pages 5 to 14 in accordance with Auditing Standards.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 of the state of the company's affairs at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

19 September, 1995

Expeditors International (UK) Limited

Profit and loss account for the year ended 31 December 1994

	Note	1994 £	1993 £
Turnover	1	12,138,569	9,472,976
Cost of sales		(6,367,564)	(4,524,229)
Gross profit		5,771,005	4,948,747
Administrative expenses		(4,325,370)	(3,641,663)
Operating profit		1,445,635	1,307,084
Interest receivable		80,355	34,569
Profit on ordinary activities before taxation	2-4	1,525,990	1,341,653
Tax on profit on ordinary activities	5	(539,000)	(459,000)
Profit on ordinary activities after taxation		986,990	882,653
Dividend paid: Equity		(967,750)	-
Non-equity		(32,250)	(64,500)
Retained (loss)/profit for the year		(13,010)	818,153
Retained profit brought forward		1,662,291	844,138
Retained profit carried forward		1,649,281	1,662,291

There are no recognised gains or losses other than those shown in the profit and loss account.

All figures relate to continuing operations.

Expeditors International (UK) Limited

Balance sheet
at 31 December 1994

	Note	1994		1993	
		£	£	£	£
Fixed assets					
Tangible assets	6		912,805		859,581
Current assets					
Debtors	7	5,289,779		3,634,951	
Cash at bank and in hand		1,408,950		1,919,567	
		<u>6,698,729</u>		<u>5,554,518</u>	
Creditors: amounts falling due within one year	8	(5,525,653)		(4,315,208)	
Net current assets			<u>1,173,076</u>		<u>1,239,310</u>
Total assets less current liabilities			<u>2,085,881</u>		<u>2,098,891</u>
Capital and reserves					
Called up share capital	9		436,600		436,600
Profit and loss account			1,649,281		1,662,291
			<u>2,085,881</u>		<u>2,098,891</u>
Shareholder's funds					
Amounts attributable to equity interests			1,655,881		1,668,891
Amounts attributable to non-equity interests			430,000		430,000
			<u>2,085,881</u>		<u>2,098,891</u>

These financial statements were approved by the board of directors on 19/9/95 and were signed on its behalf by:



MR Claydon
Director

Expeditors International (UK) Limited

Cash flow statement

for the year ended 31 December 1994

	Note	1994	1993
		£	£
Net cash inflow from operating activities	1	1,236,441	1,450,658
Return on investments and servicing of finance			
Interest received		80,355	36,272
Interest paid		-	(1,703)
Dividends paid		(1,000,000)	(64,500)
Net cash outflow from returns on investment and servicing of finance		(919,645)	(29,931)
Taxation			
UK corporation tax paid		(441,175)	(292,706)
Investing activities			
Purchase of tangible fixed assets		(385,938)	(521,382)
(Costs incurred)/proceeds on sale of tangible fixed assets		(300)	24,675
Net cash outflow from investing activities		(386,238)	(496,707)
(Decrease)/Increase in cash and cash equivalents	2	(510,617)	631,314

Expeditors International (UK) Limited

Notes to the cashflow statement

1 Reconciliation of operating profit to net cash inflow from operating activities

	1994 £	1993 £
Operating profit	1,445,635	1,307,084
Depreciation charge	332,714	291,303
Loss/(profit) on sale of tangible fixed assets	300	(12,419)
Increase in debtors	(1,404,828)	(632,363)
Increase in creditors	862,620	497,053
Net cash inflow from operating activities	<u>1,236,441</u>	<u>1,450,658</u>

2 Analysis of changes in cash and cash equivalents

	1994 £	1993 £
Balance at 31 December 1993	1,919,567	1,288,253
Net cash (outflow)/inflow	<u>(510,617)</u>	<u>631,314</u>
Balance at 31 December 1994	<u>1,408,950</u>	<u>1,919,567</u>

Expeditors International (UK) Limited

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	life of lease
Office furniture, fittings and equipment	-	33 1/3 % per annum
Warehouse equipment	-	20 % per annum
Computer equipment	-	33 1/3 % per annum
Motor cars	-	33 1/3 % per annum
Motor vans	-	25 % per annum

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling using the rate of exchange ruling at the balance sheet date. Exchange differences arising from normal trading operations and settled transactions are included in trading profit.

Leases

Operating lease rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise in the foreseeable future.

Turnover

Turnover represents charges made to customers for freight services carried out during the year, after deduction of credit notes, VAT and haulage costs.

Expeditors International (UK) Limited

Notes (continued)

2 Profit on ordinary activities before taxation

	1994 £	1993 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration: Audit	14,750	11,250
Other	4,450	8,032
Depreciation of tangible fixed assets	332,714	291,303
Operating lease rentals	<u>293,140</u>	<u>227,300</u>

3 Remuneration of directors

	1994 £	1993 £
As Directors		
Emoluments	256,523	249,689
Pension contributions	<u>19,131</u>	<u>15,313</u>
	<u>275,654</u>	<u>265,002</u>

The emoluments, excluding pension contributions, of the chairman were £Nil (1993:£Nil) and those of the highest paid director were £186,947 (1993:£180,860).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

	Number of directors	
	1994	1993
£0 - £ 5,000	2	2
£60,001 - £65,000	1	-
£65,001 - £70,000	-	1
£180,001 - £185,000	-	1
£185,001 - £190,000	1	-

Expeditors International (UK) Limited

Notes (continued)

4 Staff numbers and costs

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

	Number of employees	
	1994	1993
Operations	81	62
Administration and finance	12	11
Sales	15	12
	<u>108</u>	<u>85</u>

The aggregate payroll costs of these persons were as follows:

	1994	1993
	£	£
Wages and salaries	2,199,022	1,797,084
Social security costs	218,114	177,796
Other pension costs (see note 11)	50,913	39,666
	<u>2,468,049</u>	<u>2,014,546</u>

5 Taxation

	1994	1993
	£	£
UK corporation tax at 33% (1993:33%) on the profit for the year on ordinary activities:	<u>539,000</u>	<u>459,000</u>

Expeditors International (UK) Limited

Notes (continued)

6 Tangible fixed assets

	Leasehold improvements	Office furniture fittings & equipment	Warehouse equipment and motor vehicles	Computer equipment	Total
	£	£	£	£	£
<i>Cost</i>					
At beginning of year	403,889	258,532	403,173	543,388	1,608,982
Additions	16,332	78,758	151,658	139,190	385,938
Disposals	-	-	-	(6,000)	(6,000)
At end of year	420,221	337,290	554,831	676,578	1,988,920
<i>Depreciation</i>					
At beginning of year	74,585	158,304	263,364	253,148	749,401
Charge for year	34,074	64,630	81,387	152,623	332,714
On disposals	-	-	-	(6,000)	(6,000)
At end of year	108,659	222,934	344,751	399,771	1,076,115
<i>Net book value</i>					
At 31 December 1994	311,562	114,356	210,080	276,807	912,805
At 31 December 1993	329,304	100,228	139,809	290,240	859,581

7 Debtors

	1994 £	1993 £
Trade debtors	4,106,908	3,089,583
Amounts owed by parent and fellow subsidiary undertakings	732,319	340,943
Other debtors	82,233	46,639
Prepayments and deposits	118,319	157,786
ACT recoverable	250,000	-
	<u>5,289,779</u>	<u>3,634,951</u>

Expeditors International (UK) Limited

Notes (continued)

8 Creditors: amounts falling due within one year

	1994		1993	
	£	£	£	£
Trade creditors		3,809,077		2,969,999
Amounts owed to parent and fellow subsidiary undertakings		436,538		540,282
Other creditors including taxation and social security:				
Corporation tax	526,506		428,681	
Other taxes and social security	112,237		88,086	
ACT payable	250,000		-	
Other creditors	888,743		516,767	
	36,087		29,673	
Accruals		924,830		546,440
		355,208		258,487
		5,525,653		4,315,208

9 Called up share capital

	1994	1993
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	6,600	6,600
7.5% cumulative preference shares of £1 each	1,000,000	1,000,000
	1,006,600	1,006,600
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	6,600	6,600
7.5% cumulative preference shares of £1 each	430,000	430,000
	436,600	436,600

The preference shares are redeemable at par by the company, at any time, the company having given one month's notice to the preference share holders. On the winding up of the company the preference shareholders are entitled to the return of their capital together with any accrued preference dividends. The shares carry no voting rights at any general meeting of the company.

Expeditors International (UK) Limited

Notes (continued)

10 Obligations under lease contracts

Annual commitments under non-cancellable operating leases are as follows:

	1994 Land and buildings £	1993 Land and buildings £
Operating leases which expire:		
Within one year	-	5,500
2-5 years	131,030	8,000
Over 5 years	217,600	244,300
	<hr/>	<hr/>
	348,630	257,800
	<hr/>	<hr/>

11 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £50,913 (1993: £39,666).

Contributions payable to the scheme at the year end are included in creditors and amounted to £Nil (1993: £13,530).

12 Ultimate holding company

The company is a subsidiary undertaking of Expeditors International of Washington Incorporated, incorporated in the state of Washington, United States of America.

The largest and smallest group in which the results of the company are consolidated is that headed by Expeditors International of Washington Incorporated. The consolidated financial statements are available to the public and may be obtained from:

Expeditors International of Washington Incorporated
19119 16th Avenue South
Seattle WA98188
Washington
United States of America