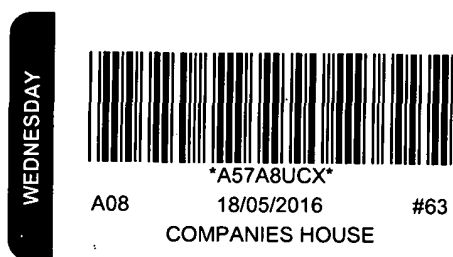


LOGISTEX LIMITED

**Annual Report and Financial Statements
31 December 2015**



LOGISTEX LIMITED

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LOGISTEX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2015

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J W Woodhouse
M A Nicholson
A D Branch
K A J Sheridan
S M Webber
C D Morton
D C Kay

SECRETARY

M A Nicholson

REGISTERED OFFICE

2700 Kettering Parkway
Kettering
Northamptonshire
NN15 6XR

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham

LOGISTEX LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity remained to design, build and maintain automated material handling systems for customers operating warehouses in the UK and selected overseas markets, thereby creating value for our stakeholders – our customers, our investors and our people.

We will achieve this through:

- Delivering value added engineering solutions
- Working with preferred customers
- Supporting customer focused long term relationships
- Integrating engineering and technical expertise
- Balancing risk and reward
- Maintaining an excellent safety record
- Being an employer of choice

The directors do not expect any change in this activity in the foreseeable future

KEY PERFORMANCE INDICATORS

The key performance indicators used by management to assess the development of the business are analysed below:-

Turnover for the year ended 31 December 2015 was £24,083,000 (2014: £20,018,000).

The operating profit for the year ended 31 December 2015 was £936,000 (2014: £773,000).

The retained profit for the year ended 31 December 2015 was £1,027,000 (2014: £789,000).

The directors paid a dividend in the year of £152,000 (2014: £78,000).

Net finance costs for the year of £2,000 (2014: £51,000) included £11,000 of net finance expense (2014: £60,000) on pension scheme liabilities and assets.

The taxation credit for the current year was £93,000 (2014: £67,000). A reconciliation of the actual tax charge to the standard rate of corporation tax is set out in note 9 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives are governed by the company's policies and is approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

FUTURE DEVELOPMENTS

The directors expect the general level of activity to increase in the forthcoming year. This is as a result of continued organic growth, continued buoyancy in the market place and specific growth initiatives. These initiatives are targeted at new customers and include the development and deployment of innovative Engineering Support Services, selling Warehouse Management software independently of an automation solution and focusing existing services directly into the e-commerce marketplace.

M A NICHOLSON

Director

Date

13 May 2016

LOGISTEX LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

RESEARCH AND DEVELOPMENT

Product development and innovation is a continuous process. The company has committed additional resources to the development of new products to enhance the organic growth of the business.

GOING CONCERN

The directors have considered the going concern assumption given the current economic climate and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has external banking overdraft facilities but is not forecast to use these facilities for the next 12 months. The directors have considered the future forecasts and given the current status of the order book and projected order intake, are confident that the group will have sufficient funding to conclude that it can operate as a going concern and can meet its liabilities as they fall due for the next 12 months. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. The company used foreign exchange forward contracts to hedge these exposures.

Credit risk

The company's principal financial assets are bank balances, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company ensures regular review of working capital requirements.

DIVIDENDS

During the year total dividends of £152,000 (16p per ordinary share) were paid, (2014: £78,000 (8p per ordinary share)).

DIRECTORS

The directors who served during the year, and to the date of this report are as listed on page 1.

DIRECTORS' LIABILITIES

The company has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force throughout the year and at the date of this report.

LOGISTEX LIMITED

DIRECTORS' REPORT (CONTINUED)

EMPLOYMENT POLICIES

The company has developed a wide range of voluntary practices and procedures for employee involvement. The company encourages this approach to provide information and consultation and believes this promotes understanding of the issues facing the individual business in which the employee works.

It is the company's policy to achieve and maintain a high standard of health and safety by all practical means and the active involvement of employees in matters of health and safety is encouraged.

It is the policy of the company to give full and fair consideration to applications made by disabled persons for job vacancies, where particular job requirements are within their ability and, where possible, arrangements are made for the continuing employment of employees who have been disabled.

CHARITABLE AND POLITICAL DONATIONS

During the year, the company donated £2,702 for charitable donations (2014: £2,025). No political donations were made during the year (2014: £Nil).

AUDITOR

In the case of each of the persons who are directors of the company at the date when this report was approved:

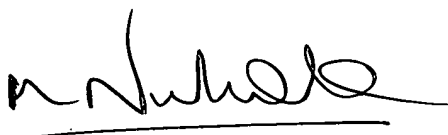
(1) so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and

(2) each of the directors has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor of the company and a resolution for that reappointment will be proposed at the forthcoming Annual General Meeting.

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



M A NICHOLSON

Director

Date 13 May 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOGISTEX LIMITED

We have audited the financial statements of Logistex Limited for the year ended 31 December 2015 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 22. 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), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

Alistair Pritchard FCA

Alistair Pritchard FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, United Kingdom

13 May 2016

LOGISTEX LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2015

	Note	2015 £'000	2014 £'000
TURNOVER	3	24,083	20,018
Cost of sales		(19,343)	(15,680)
Gross profit		4,740	4,338
Administrative expenses		(3,804)	(3,565)
OPERATING PROFIT		936	773
PROFIT ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES		936	773
Finance costs (net)	6	(2)	(51)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	934	722
Tax on profit on ordinary activities	9	93	67
PROFIT FOR THE FINANCIAL YEAR		1,027	789

All results are derived from continuing activities.

LOGISTEX LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	2015 £	2014 £
Profit for the financial year		<u>1,027</u>	<u>789</u>
Remeasurement of net defined benefit liability	16	<u>(366)</u>	<u>759</u>
Other comprehensive income		<u>(366)</u>	<u>759</u>
Total comprehensive income		<u><u>661</u></u>	<u><u>1,548</u></u>

The total profit for the period is attributable to the equity shareholders of the company.

The total comprehensive income for the period is attributable to the equity shareholders of the company.

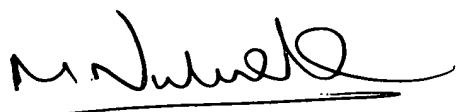
LOGISTEX LIMITED

BALANCE SHEET 31 December 2015

	Note	2015 £'000	2014 £'000
FIXED ASSETS			
Tangible assets	10	355	280
CURRENT ASSETS			
Stocks	11	593	547
Debtors	12	3,487	3,786
Cash at bank and in hand		2,983	2,600
		7,063	6,933
CREDITORS:			
Amounts falling due within one year	13	(3,730)	(3,868)
NET CURRENT ASSETS		3,333	3,065
TOTAL ASSETS LESS CURRENT LIABILITIES		3,688	3,345
Provisions for liabilities	14	(10)	(100)
NET ASSETS BEFORE PENSION LIABILITY		3,678	3,245
Pension liability	16	(265)	(341)
NET ASSETS		3,413	2,904
CAPITAL AND RESERVES			
Called up share capital	15	239	239
Profit and loss account		3,174	2,665
SHAREHOLDERS' FUNDS		3,413	2,904

The financial statements of Logistex Limited (Company number 00334189) were approved by the Board of Directors and authorised for issue on 13 May 2016.

Signed on behalf of the Board of Directors



M A NICHOLSON

Director

LOGISTEX LIMITED

STATEMENT OF CHANGES IN EQUITY 31 December 2015

	Called-up share capital £	Profit and loss account £	Total £
At 31 December 2013 as previously stated	239	1,195	1,434
Changes on transition to FRS 102 (see note 22)	-	-	-
At 1 January 2014 as restated	239	1,195	1,434
Profit for the financial year	-	789	789
Remeasurement of net defined benefit liability	-	759	759
Total comprehensive income	-	1,548	1,548
Dividends paid on equity shares	-	(78)	(78)
At 31 December 2014	239	2,665	2,904
Profit for the financial year	-	1,027	1,027
Remeasurement of net defined benefit liability	-	(366)	(366)
Total comprehensive income	-	661	661
Dividends paid on equity shares	-	(152)	(152)
At 31 December 2015	239	3,174	3,413

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

1.1 General information and basis of accounting

Logistex Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 22.

The functional currency of Logistex Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out below.

Logistex Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to presentation of a cash flow statement and remuneration of key management personnel.

1.2 Going concern

The directors have considered the going concern assumption given the current economic climate and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has external banking overdraft facilities but is not forecast to use these facilities for the next 12 months. The directors have considered the future forecasts and given the current status of the order book and projected order intake, are confident that the group will have sufficient funding to conclude that it can operate as a going concern and can meet its liabilities as they fall due for the next 12 months. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Research and development costs

Research costs are expensed as incurred.

Costs relating to clearly defined identifiable development projects are capitalised when there is a technical degree of exploitation, adequacy of resources and a potential market or development possibility in the undertaking that are recognisable, and where it is the intention to produce, market or execute the project. A correlation also exists between the costs incurred and future benefits and those can be measured reliably. Capitalised expenses are expensed on a straight-line basis over their useful lives. Costs not meeting such criteria are expensed as incurred.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value of each asset on a straight-line basis over their expected useful lives, as follows:

Plant and Equipment	4-10 years
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2015

1. ACCOUNTING POLICIES (Continued)

1.5 Stocks and work in progress

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. In the case of finished goods and work in progress, cost comprises the actual cost of raw materials and direct labour and an appropriate proportion of manufacturing overheads based on normal level of activity. Provision is made for obsolete, slow-moving or defective items where appropriate.

1.6 Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2015

1. ACCOUNTING POLICIES (Continued)

1.7 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company exclusive of value added taxes. Revenue from the sale of goods is recognised when the significant risks and reward of ownership of the goods have been passed to the buyer, usually on despatch of goods.

Revenue from servicing and repair of assets which remain the property of their owners during the work is recognised over the period in which the service is provided.

In respect of all long-term contracts, turnover is calculated on a percentage completion basis, reflecting the extent to which the right to consideration has been earned. The amount by which recorded turnover on contracts is in excess of payments on account is recorded in debtors as 'amounts recoverable on contracts'. Attributable profit is recognised on long-term contracts only when the profitable outcome of the contract can be reasonably foreseen and is calculated so as to reflect the proportion of work carried out at the year end. Full provision is made in respect of foreseeable losses on uncompleted contracts.

1.8 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.9 Employee benefits

The company operates a defined benefit pension scheme and the net defined benefit of the cost of the plan is therefore recognised in Logistex Limited.

Pension liabilities are measured at their present value in accordance with actuarial assumptions that are updated at each balance sheet date. Pension assets are measured at fair value. The pension liability or asset is recognised in the balance sheet

Pension costs for the company's defined benefit pension schemes and other post-retirement benefits are recognised as follows

Within operating profit

- the current service cost arising from employee service in the current period,
- the prior service cost related to employee service in prior periods arising in the current period as a result of improvements to benefits, and
- gains and losses arising on unanticipated settlements or curtailments where the item that gave rise to the settlement or curtailment is recognised within operating profit.

Within other finance cost or income

- the interest cost on the liabilities, calculated by reference to the scheme liabilities and discount rate at the beginning of the period, and
- the expected returns on assets, calculated by reference to the assets and their long-term expected rate of return at the beginning of the period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2015

1. ACCOUNTING POLICIES (Continued)

Within the statement of comprehensive income

- on the scheme assets – the difference between the expected and actual return on assets, and
- on the scheme liabilities – (a) the difference between the actuarial assumptions and actual experience, and (b) the effect of changes in actuarial assumptions.

Defined contribution pension scheme

Pension costs for the company's defined contribution pension scheme are recognised within operating profit or loss at an amount equal to the contributions payable to the scheme for the year. Any prepaid contributions at the balance sheet date are recognised respectively as assets within prepayments or accruals.

1.10 Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

1.11 Leasing and hire purchase commitments

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

1.12 Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation.

Provision are measured at management's best estimates of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

1.13 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

1.13 Financial instruments (continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

(iv) Fair value measurement

The only fair value measurement performed by the Company is over derivative foreign currency forward contracts. The fair value is measured by revaluing the contract to the foreign exchange rate ruling at the balance sheet date.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Companies accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Turnover comprises the invoiced value of goods and services supplied by the company exclusive of value added taxes. Revenue from the sale of goods is recognised when the significant risks and reward of ownership of the goods have been passed to the buyer, usually on despatch of goods.

Revenue from servicing and repair of assets which remain the property of their owners during the work is recognised over the period in which the service is provided.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2015

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY (continued)

Revenue recognition (continued)

In respect of all long-term contracts, turnover is calculated on a percentage completion basis, reflecting the extent to which the right to consideration has been earned. The amount by which recorded turnover on contracts is in excess of payments on account is recorded in debtors as 'amounts recoverable on contracts'. Attributable profit is recognised on long-term contracts only when the profitable outcome of the contract can be reasonably foreseen and is calculated so as to reflect the proportion of work carried out at the year end. Full provision is made in respect of foreseeable losses on uncompleted contracts.

Key source of estimation uncertainty -

The company's key source of estimation relates to the estimate of costs to complete for ongoing contracts, as this estimation is a key driver in the determination of contract revenue and the timing of its recognition. Costs are estimated by project managers, who are both experienced and closest to the progress of individual contracts.

3. ANALYSIS OF TURNOVER

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

	2015 £'000	2014 £'000
Rendering of services	11,490	11,179
Income from construction contracts	12,593	8,839
	<u>24,083</u>	<u>20,018</u>

Turnover and profit before taxation is derived from a single business segment, being the principal activity of the company. An analysis by geographical market is given below:

Analysis by geographical market:

	2015 £'000	2014 £'000
United Kingdom	19,332	17,969
Rest of Europe	4,586	1,810
North America	144	231
Rest of the world	21	8
	<u>24,083</u>	<u>20,018</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2015 £'000	2014 £'000
Depreciation of tangible fixed assets (note 10)	141	93
Operating lease rentals	521	595
Foreign exchange loss	50	32
Impairment of stock recognised as an expense	40	9
	<u></u>	<u></u>

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2015

5. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £34,000 (2014: £25,000).

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

6. FINANCE COSTS (NET)

	2015 £'000	2014 £'000
Defined benefit pension debit	(11)	(60)
Bank interest receivable	2	4
Other interest receivable	7	5
	<u>(2)</u>	<u>(51)</u>

7. STAFF NUMBERS AND COSTS

	2015 £'000	2014 £'000
Staff costs during the year		
Wages and salaries	10,010	9,130
Social security costs	1,032	923
Defined contribution pension costs	366	306
	<u>11,408</u>	<u>10,359</u>

	Number	Number
Average number of employees (including directors)		
Production	201	187
Distribution	3	3
Administration	29	28
	<u>233</u>	<u>218</u>

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2015

8. DIRECTORS REMUNERATION AND TRANSACTIONS

	£'000	£'000
Directors' remuneration		
Emoluments	646	563
Defined contribution pension costs	64	48
	<u>710</u>	<u>611</u>
	Number	Number
Number of directors who:		
Are members of a defined benefit pension scheme	<u>1</u>	<u>1</u>
	£'000	£'000
Remuneration of highest paid director		
Emoluments	158	142
Defined contribution pension costs	18	13
	<u>176</u>	<u>155</u>

Five directors (2014: Five directors) are remunerated through the company and their remuneration is disclosed above. Two non executive directors who served during the year received £26,094 remuneration for their services to the company (2014: £21,264).

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2015 £'000	2014 £'000
Current tax on profit on ordinary activities		
Foreign tax	<u>2</u>	<u>6</u>
	2	6
Adjustments in respect of prior years		
UK corporation tax	<u>(95)</u>	<u>(73)</u>
Total current tax	<u>(93)</u>	<u>(67)</u>
Deferred tax	<u>-</u>	<u>-</u>
Total tax on profit on ordinary activities	<u>(93)</u>	<u>(67)</u>

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. In the budget on 8 July 2015, the government announced further reduction in the main rate of corporation tax to 19% in 2017 and 18% in 2020. These changes were substantively enacted as at the balance sheet date.

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2015

9. Tax on profit on ordinary activities (continued)

There is an unrecognised deferred tax asset relating to accelerated capital allowances, short term timing differences and brought forward losses of £400,000 (2014: £558,000) that has not being recognised on the grounds that there is insufficient certainty as to when these assets will crystallise.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	<u>934</u>	<u>722</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.25% per cent (2014: 21.50%)	189	155
Effects of:		
Expenses not deductible for tax purposes	10	2
Deferred tax not provided	(199)	(157)
Taxation of foreign profits	2	6
Adjustments to tax charge in respect of previous periods	<u>(95)</u>	<u>(73)</u>
Total tax credit for period	<u>(93)</u>	<u>(67)</u>

10. TANGIBLE FIXED ASSETS

	Plant and equipment £'000
Cost	
At 1 January 2015	1,656
Additions	216
Disposals	<u>(388)</u>
At 31 December 2015	<u>1,484</u>
Depreciation	
At 1 January 2015	1,376
Charge for the year	141
Disposals	<u>(388)</u>
At 31 December 2015	<u>1,129</u>
Net book value	
At 31 December 2015	<u>355</u>
At 31 December 2014	<u>280</u>

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2015

11. STOCKS

	2015 £'000	2014 £'000
Finished goods and goods for resale	593	547

There is no material difference between the balance sheet value of stocks and their replacement cost.

12. DEBTORS

	2015 £'000	2014 £'000
Amounts due within one year		
Trade debtors	2,362	1,997
Amounts recoverable on contracts	511	766
Prepayments and accrued income	470	481
Amounts owed by related parties	-	224
VAT	62	104
Corporation tax receivable	82	192
Derivative financial assets	-	22
	<u>3,487</u>	<u>3,786</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Payments received on account	355	673
Trade creditors	1,908	1,175
Amounts owed to fellow group undertakings	51	51
Other taxation and social security	477	920
Other creditors	100	50
Defined contribution pension scheme accrual	71	61
Accruals and deferred income	753	938
Derivative financial liabilities	15	-
	<u>3,730</u>	<u>3,868</u>

14. PROVISIONS FOR LIABILITIES

	Property provisions £'000
At 1 January 2015	100
At 31 December 2015	<u>10</u>

Property provisions as at 1 Jan 2015 related to dilapidation assessments by third party experts. A new lease was agreed on the occupied property during the year and the dilapidation provision will be built up over the new lease term and expected to be utilised in the next 114 months. The provision as at 31 December 2015 related to an assessment made by the directors.

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2015

15. CALLED UP SHARE CAPITAL

	2015 £'000	2014 £'000
Called up, allotted and fully paid		
954,500 ordinary share of £0.25	239	239

16. PENSION COMMITMENTS – RETIREMENT BENEFIT SCHEMES

Defined contribution scheme

The company participates in a defined contribution pension scheme, the assets of which are held externally to the company in a separate trust administered fund. Contributions to this scheme in the year amounted to £366,000 (2014: £306,000).

As at 31 December 2015, contributions of £71,000 (2014: £61,000) had not yet been paid over to the scheme.

Defined benefit scheme member

Defined benefit schemes

The company is a participating member of the Cleco Combined Pension Scheme. The schemes funds are administered by trustees and are independent of the company's finances. The date of the most recent full actuarial valuation was 5 April 2015. The scheme is a funded scheme. The company is expected to contribute £38,000 per month to the scheme increasing to £39,000 per month from April 2016 and increasing by a further £1,000 per month every April from 2017 based upon the 2015 actuarial valuation.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 5 April 2015 by Mr Hugh Creasy, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit method.

	Valuation at	
	2015	2014
Key assumptions used:		
Discount rate	3.7%	3.6%
Future pension increases	3.0%	3.0%
Inflation – RPI	3.2%	3.2%
Inflation - CPI	2.2%	2.2%

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2015 years	2014 years
Retiring today:		
Males	86.9	87.3
Females	88.8	89.5
Retiring in 20 years:		
Males	88.1	88.7
Females	90.3	91.1

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2015

16. PENSION COMMITMENTS – RETIREMENT BENEFIT SCHEMES (Continued)

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2015 £'000	2014 £'000
Net interest cost	(11)	(60)
Charge recognised in profit and loss	(11)	(60)
Recognised in other comprehensive income	(366)	759
Total cost relating to defined benefit scheme	(377)	(699)

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2015 £'000	2014 £'000
Present value of defined benefit obligations	(29,234)	(30,173)
Fair value of scheme assets	28,969	29,832
Net liability recognised in the balance sheet	(265)	(341)

Movement in the present value of defined benefit obligations were as follows;

	2015 £'000	2014 £'000
At 1 January	(30,173)	(25,045)
Interest cost	(1,073)	(1,137)
Actuarial gains and losses	1,291	(4,648)
Benefits paid	721	657
At 31 December	(29,234)	(30,173)

Movement in fair value of scheme assets were as follows;

	2015 £	2014 £
At 1 January	29,832	23,564
Interest income	1,062	1,077
Return on plan assets (excluding amount included in net interest expense)	(1,657)	5,407
Contributions from the employer	453	441
Benefits paid	(721)	(657)
At 31 December	28,969	29,832

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2015

16. PENSION COMMITMENTS – RETIREMENT BENEFIT SCHEMES (Continued)

The analysis of the scheme assets at the balance sheet date was as follows:

	Fair value of assets	
	2015 £	2014 £
Return seeking	15,920	14,200
Matching	12,717	15,578
Cash	332	54
	<u>28,969</u>	<u>29,832</u>

17. DERIVATIVE FINANCIAL INSTRUMENTS

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the year-end:

Outstanding contracts	Average contractual exchange rate		Notional value		Fair value	
	2015 £	2014 £	2015 £	2014 £	2015 £	2014 £
<i>Company sells Euros</i>	1.3738	1.2495	874,000	1,160,000	(15)	25
<i>Company buys Euros</i>	-	1.2444	-	104,000	-	(3)
	<u>1.3738</u>	<u>1.2470</u>	<u>874,000</u>	<u>1,264,000</u>	<u>(15)</u>	<u>22</u>

The company has entered into contracts to supply goods to customers in Europe. The company has entered into forward foreign currency contracts to hedge the exchange rate risk arising from these anticipated future transactions, which are designated as cash flow hedges. The hedged cash flows are expected to occur and to affect profit or loss within the next financial year.

18. FINANCIAL COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2015		2014	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Company				
- within one year	150	387	118	370
- between one and five years	600	569	470	698
	<u>750</u>	<u>956</u>	<u>588</u>	<u>1,068</u>

19. DIVIDENDS

	2015 £'000	2014 £'000
Dividends paid - £0.16 per ordinary share (2014: £0.08 per ordinary share)	<u>152</u>	<u>78</u>

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2015

20. RELATED PARTY TRANSACTIONS

As at 31 December 2015, the company was a wholly owned subsidiary of Logistex Europe Limited, the consolidated financial statements of which are publicly available. Copies of its group financial statements, which include the company, are available from 2700 Kettering Parkway Kettering, Northamptonshire, NN15 6XR. Accordingly, the company has taken advantage of the exemption in FRS 102 33.1A from disclosing transactions with Logistex Europe Limited.

At the beginning of the year Logistex Limited had a loan receivable of £224,000 with Logistex Properties Limited, a company which was owned by the majority of directors of Logistex Limited, but which is not part of the Logistex Europe Limited Group. This loan was fully repaid during the year. At the year end £nil (2014: £224,000) remained payable to Logistex Limited by Logistex Properties Limited. Logistex Limited were recharged £1,412 (2014:£3,000) by Logistex Properties Limited for property maintenance costs. Logistex Limited also paid rent to Logistex Properties Limited totalling £31,928 (2014: £71,000).

21. ULTIMATE PARENT COMPANY

As at 31 December 2015, the directors regarded Logistex Europe Limited, a company incorporated in Great Britain and registered in England and Wales, as the company's immediate and ultimate parent undertaking for the year ended 31 December 2015. The controlling party is considered to be the shareholders of Logistex Europe Limited, no single party has a controlling interest.

22. EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

Derivative contracts

Derivative foreign exchange forward contracts were previously held off balance sheet (though disclosed in the notes to the financial statements) but under FRS 102 are now held on balance sheet at fair value through profit and loss. The net gain or loss for the year is recognised in finance costs.

FRS17

The Company will no longer be able to take advance credit for anticipated investment outperformance above that expected from AA-rated corporate bonds.

As a result, the profit and loss account items will no longer include separate interest cost and expected return on assets items.

Instead a net interest income or expense item will be shown which is calculated as the interest on the net defined benefit asset or liability at the start of the year calculated using the start of year discount rate assumption. Adjustments are made to allow for benefit payments and contributions.

The disclosure burden has been significantly reduced. The following disclosures have been removed:

- Prior year reconciliations of assets and liabilities.
- STRGL reconciliation and 5 year history.
- Expected Company contributions in the following year.

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2015

22. EXPLANATION OF TRANSITION TO FRS 102 (continued)

Reconciliation of equity

	At 1 January 2014 £	At 31 December 2014 £
Equity reported under previous UKGAAP	1,434	2,882
Adjustments to equity on transition to FRS 102		
<i>Movement in foreign exchange contracts</i>	-	22
<i>Restatement of FRS17 charge between profit and loss and the statement of comprehensive income</i>	-	-
Equity reported under FRS 102	1,434	2,904

Reconciliation of profit for year end 31 December 2014

	Company £
Profit for the financial year under previous UK GAAP	1,121
<i>Movement in foreign exchange contracts</i>	22
<i>Restatement of FRS17 charge between profit and loss and the statement of comprehensive income</i>	(354)
Profit for the financial year under FRS 102	789