

**LOGISTEX LIMITED**

**Annual Report and Financial Statements  
31 December 2016**



# **LOGISTEX LIMITED**

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# **LOGISTEX LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS 2016**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

J W Woodhouse  
M A Nicholson  
A D Branch  
K A J Sheridan  
S M Webber  
C D Morton (Resigned 16 November 2016)  
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

## STRATEGIC REPORT

### REVIEW OF THE BUSINESS

The company's principal activity remain 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.

Order intake in 2016 continued to strengthen and grow in all key areas of the business. This along with continued improvement in project delivery has resulted in all projects being completed on time and to budget. This has been a major contributory factor in the improved profitability and cash flow reported in these financial statements.

We expect the profitability to continue to grow and the balance sheet strengthen further in the coming 12 months. With further investment in our people, recruitment of additional heads, the development of long-term partnerships with providers of specialist technology coupled with the roll out of continual improvement projects will enable the company to strengthen its position in the UK logistics automation marketplace.

### 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 2016 was £25,399,000 (2015: £24,083,000).

The operating profit for the year ended 31 December 2016 was £1,730,000 (2015: £936,000).

The retained profit for the year ended 31 December 2016 was £1,812,000 (2015: £1,027,000).

The directors paid a dividend in the year of £669,000 (2015: £152,000).

Net finance income for the year of £4,000 (2015: cost of £2,000) included £5,000 of net finance expense (2015: £11,000) on pension scheme liabilities and assets.

The taxation credit for the current year was £78,000 (2015: £93,000). 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

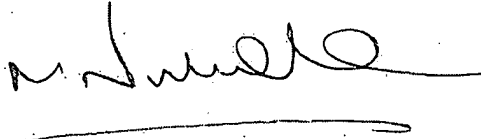
The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives are governed by the company's policies and is approved by the Board of Directors, which provide written principles on the use of financial derivatives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

# LOGISTEX LIMITED

## STRATEGIC REPORT (Continued)

### 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  
2700 Kettering Parkway  
Kettering  
Northamptonshire  
NN15 6XR

31 March 2017

# **LOGISTEX LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

### **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 company 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 from the date of signing the accounts. 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 £669,000 (70p per ordinary share) were paid, (2015: £152,000 (16p 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)

### EMPLOYEE CONSULTATION

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 £2,817 for charitable donations (2015: £2,702). No political donations were made during the year (2015: £Nil).

### AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) the directors have 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.

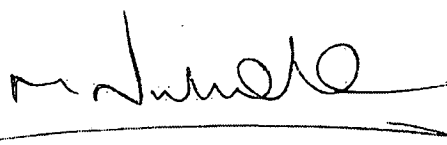
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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.

### APPROVAL OF REDUCED DISCLOSURES

The Company, as a qualifying entity, has taken advantage, in respect of its separate financial statements, of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

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



M A NICHOLSON  
Director  
2700 Kettering Parkway  
Kettering  
Northamptonshire  
NN15 6XR

31 March 2017

**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.



**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 2016 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 21. 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 FRS 102 "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 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**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 2016 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, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

## LOGISTEX LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOGISTEX LIMITED (CONTINUED)

#### 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  
31 March 2017

# LOGISTEX LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2016

	Note	2016 £'000	2015 £'000
<b>TURNOVER</b>	3	25,399	24,083
Cost of sales		(19,514)	(19,343)
<b>GROSS PROFIT</b>		5,885	4,740
Administrative expenses		(4,155)	(3,804)
<b>OPERATING PROFIT</b>		1,730	936
Finance income/(costs) (net)	6	4	(2)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	1,734	934
Tax on profit on ordinary activities	9	78	93
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,812	1,027

All results are derived from continuing activities.

# LOGISTEX LIMITED

## STATEMENT OF COMPREHENSIVE INCOME Year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Profit for the financial year		1,812	1,027
Remeasurement of net defined benefit liability	16	(608)	(366)
Other comprehensive income		(608)	(366)
Total comprehensive income		1,204	661

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.

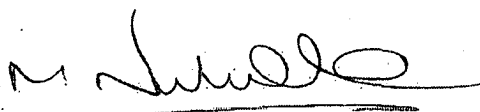
# LOGISTEX LIMITED

## BALANCE SHEET At 31 December 2016

	Note	2016 £'000	2015 £'000
<b>FIXED ASSETS</b>			
Tangible assets	10	351	355
<b>CURRENT ASSETS</b>			
Stocks	11	547	593
Debtors	12	4,692	3,487
Cash at bank and in hand		4,821	2,983
		10,060	7,063
<b>CREDITORS:</b>			
Amounts falling due within one year	13	(6,028)	(3,730)
<b>NET CURRENT ASSETS</b>		4,032	3,333
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,383	3,688
Provisions for liabilities	14	(20)	(10)
<b>NET ASSETS BEFORE PENSION LIABILITY</b>		4,363	3,678
Pension liability	16	(415)	(265)
<b>NET ASSETS</b>		3,948	3,413
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	239	239
Profit and loss account		3,709	3,174
<b>SHAREHOLDERS' FUNDS</b>		3,948	3,413

The financial statements of Logistex Limited (Company number 00334189) were approved by the Board of Directors and authorised for issue on 31 March 2017,

Signed on behalf of the Board of Directors



M A NICHOLSON

Director

# LOGISTEX LIMITED

## STATEMENT OF CHANGES IN EQUITY At 31 December 2016

	<b>Called-up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>At 1 January 2015</b>	239	2,665	2,904
Profit for the financial year	-	1,027	1,027
Remeasurement of net defined benefit liability	-	(366)	(366)
<b>Total comprehensive income</b>	-	661	661
Dividends paid on equity shares	-	(152)	(152)
<b>At 31 December 2015</b>	239	3,174	3,413
Profit for the financial year	-	1,812	1,812
Remeasurement of net defined benefit liability	-	(608)	(608)
<b>Total comprehensive income</b>	-	1,204	1,204
Dividends paid on equity shares	-	(669)	(669)
<b>At 31 December 2016</b>	239	3,709	3,948

# LOGISTEX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2016

### 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 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 Company is a private Company limited by shares and is registered in England. The address of the Company's registered office is shown 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 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 net of 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 2016**

**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 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 non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2016**

**1. ACCOUNTING POLICIES (Continued)**

**1.7 Turnover**

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have transferred to the buyer. Turnover from the sale of goods is recognised when ownership of the goods is deemed to have been transferred, usually on despatch of goods.

Turnover 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**

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately, from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2016**

**1. ACCOUNTING POLICIES (Continued)**

**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 in the period in which they occur.

**1.11 Leases**

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 (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**1.13 Financial instruments**

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

**(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 2016**

**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 Group'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 Group's accounting policies**

There are no critical judgements made in preparing the Group's financial statements.

**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.

The cost of defined benefit pensions plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, asset returns, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of the Corporate bond model (Global RATE: Link 10:90 model with gilts adjustment). The mortality rate is based on publicly available UK mortality tables and pension increases are based on the UK's expected future inflation rates.

# LOGISTEX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Year ended 31 December 2016

#### 3. ANALYSIS OF TURNOVER

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

	2016 £'000	2015 £'000
Rendering of services	11,943	11,490
Income from construction contracts	13,456	12,593
	<u>25,399</u>	<u>24,083</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:

	2016 £'000	2015 £'000
United Kingdom	23,126	19,332
Rest of Europe	2,009	4,586
North America	235	144
Rest of the world	29	21
	<u>25,399</u>	<u>24,083</u>

#### 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2015 £'000	2015 £'000
Depreciation of tangible fixed assets (note 10)	164	141
Operating lease rentals	575	521
Foreign exchange loss	1	50
Impairment of stock recognised as an expense	23	40
	<u></u>	<u></u>

# LOGISTEX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

### 5. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP are disclosed in the financial statements of the parent company, Logistex Europe Limited.

### 6. FINANCE INCOME/(COSTS) (NET)

	2016 £'000	2015 £'000
Defined benefit pension debit	(5)	(11)
Bank interest receivable	9	2
Other interest receivable	-	7
	<u>4</u>	<u>(2)</u>

### 7. STAFF NUMBERS AND COSTS

	2016 £'000	2015 £'000
<b>Staff costs during the year</b>		
Wages and salaries	10,737	10,010
Social security costs	1,110	1,032
Defined contribution pension costs	375	366
	<u>12,222</u>	<u>11,408</u>

	Number	Number
<b>Average number of employees (including directors)</b>		
Production	206	201
Distribution	3	3
Administration	30	29
	<u>239</u>	<u>233</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 December 2016**

**8. DIRECTORS REMUNERATION AND TRANSACTIONS**

The Directors have not received any remuneration for their services as a Director to the Company during the current and preceding financial years.

**9. TAX ON PROFIT ON ORDINARY ACTIVITIES**

The tax charge comprises:

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
<b>Current tax on profit on ordinary activities</b>		
Foreign tax	4	2
	<u>4</u>	<u>2</u>
Adjustments in respect of prior years		
UK corporation tax	(82)	(95)
	<u>(82)</u>	<u>(95)</u>
<b>Total current tax</b>	<b>(78)</b>	<b>(93)</b>
<b>Deferred tax</b>	<u>-</u>	<u>-</u>
<b>Total tax on profit on ordinary activities</b>	<b><u>(78)</u></b>	<b><u>(93)</u></b>

The Finance Act 2016, which provides for reductions in the main rate of corporation tax from 19% to 17% effective from 1 April 2020 was substantively enacted on 13 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

# LOGISTEX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2016

### 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 £239,000 (2015: £400,000) 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:

	2016 £'000	2015 £'000
<b>Profit on ordinary activities before tax</b>	<u>1,734</u>	<u>934</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% per cent (2015: 20.25%)	347	189
Effects of:		
Expenses not deductible for tax purposes	2	10
Deferred tax not provided	(349)	(199)
Taxation of foreign profits	4	2
Adjustments to tax charge in respect of previous periods	<u>(82)</u>	<u>(95)</u>
<b>Total tax credit for the year</b>	<u>(78)</u>	<u>(93)</u>

### 10. TANGIBLE FIXED ASSETS

	Plant and equipment £'000
<b>Cost</b>	
At 1 January 2016	1,484
Additions	<u>160</u>
At 31 December 2016	<u>1,644</u>
<b>Depreciation</b>	
At 1 January 2016	1,129
Charge for the year	<u>164</u>
At 31 December 2016	<u>1,293</u>
<b>Net book value</b>	
At 31 December 2016	<u>351</u>
At 31 December 2015	<u>355</u>

# LOGISTEX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2016

### 11. STOCKS

	2016 £'000	2015 £'000
Finished goods and goods for resale	547	593

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

### 12. DEBTORS

	2016 £'000	2015 £'000
<b>Amounts due within one year</b>		
Trade debtors	4,064	2,362
Amounts recoverable on contracts	99	511
Prepayments and accrued income	451	470
VAT	-	62
Corporation tax receivable	78	82
	4,692	3,487

### 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Payments received on account	1,361	355
Trade creditors	2,360	1,908
Amounts owed to fellow group undertakings	51	51
Other taxation and social security	867	477
Other creditors	100	100
Defined contribution pension scheme accrual	72	71
Accruals and deferred income	1,217	753
Derivative financial liabilities	-	15
	6,028	3,730

### 14. PROVISIONS FOR LIABILITIES

	Property provisions £'000
At 1 January 2016	10
At 31 December 2016	20

Property provisions as at 1 January 2016 related to dilapidation assessments by third party experts. A new lease was agreed on the occupied property during 2015 and the dilapidation provision will be built up over the new lease term and expected to be utilised in the next 102 months. The provision as at 31 December 2016 related to an assessment made by the directors.



# LOGISTEX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2016

### 15. CALLED UP SHARE CAPITAL

	2016 £'000	2015 £'000
Called up, allotted and fully paid 954,500 ordinary share of £0.25	239	239

The Company has two classes of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

### 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 £375,000 (2015: £366,000).

As at 31 December 2016, contributions of £72,000 (2015: £71,000) 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	
	2016	2015
Key assumptions used:		
Discount rate	2.7%	3.7%
Future pension increases	3.2%	3.0%
Inflation – RPI	3.4%	3.2%
Inflation - CPI	2.4%	2.2%

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 December 2016**

**16. PENSION COMMITMENTS – RETIREMENT BENEFIT SCHEMES (Continued)**

**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 2016 years	2015 years
Retiring today:		
Males	86.9	86.9
Females	88.9	88.8
Retiring in 20 years:		
Males	88.2	88.1
Females	90.4	90.3

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

	2016 £'000	2015 £'000
Net interest cost	(5)	(11)
Charge recognised in profit and loss	(5)	(11)
Recognised in other comprehensive income	(608)	(366)
Total cost relating to defined benefit scheme	(613)	(377)

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:

	2016 £'000	2015 £'000
Present value of defined benefit obligations	(35,709)	(29,234)
Fair value of scheme assets	35,294	28,969
Net liability recognised in the balance sheet	(415)	(265)

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

	2016 £'000	2015 £'000
At 1 January	(29,234)	(30,173)
Interest cost	(1,060)	(1,073)
Actuarial gains and losses	(6,620)	1,291
Benefits paid	1,205	721
At 31 December	(35,709)	(29,234)

# LOGISTEX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2016

### 16. PENSION COMMITMENTS – RETIREMENT BENEFIT SCHEMES (Continued)

Movement in fair value of scheme assets were as follows;

	2016 £	2015 £
At 1 January	28,969	29,832
Interest income	1,055	1,062
Return on plan assets (excluding amount included in net interest expense)	6,012	(1,657)
Contributions from the employer	463	453
Benefits paid	(1,205)	(721)
At 31 December	35,294	28,969

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

	Fair value of assets	
	2016 £	2015 £
Return seeking	20,090	15,920
Matching	15,087	12,717
Cash	117	332
	35,294	28,969

### 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	
	2016 £	2015 £	2016 £	2015 £	2016 £	2015 £
<i>Company sells Euros</i>	-	1.3738	-	874,000	-	(15)
<i>Company buys Euros</i>	-	-	-	-	-	-
	-	1.3738	-	874,000	-	(15)

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. There are no forward foreign currency contracts in place at 31<sup>st</sup> December 2016.

# LOGISTEX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Year ended 31 December 2016

#### 18. FINANCIAL COMMITMENTS

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

	2016		2015	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Company				
- within one year	150	425	150	387
- between one and five years	600	426	600	569
	<u>750</u>	<u>851</u>	<u>750</u>	<u>956</u>

#### 19. DIVIDENDS

	2016 £'000	2015 £'000
Dividends paid - £0.70 per ordinary share (2015: £0.16 per ordinary share)	<u>669</u>	<u>152</u>

# **LOGISTEX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 December 2016**

### **20. RELATED PARTY TRANSACTIONS**

As at 31 December 2016, 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 2015 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 2015. At the year end £nil (2015: £nil) remained payable to Logistex Limited by Logistex Properties Limited. Logistex Limited were recharged £nil (2015: £1,000) by Logistex Properties Limited for property maintenance costs. Logistex Limited also paid rent to Logistex Properties Limited totalling £nil (2015: £32,000).

### **21. ULTIMATE PARENT COMPANY**

As at 31 December 2016, 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 2016. The controlling party is considered to be the shareholders of Logistex Europe Limited, no single party has a controlling interest.