

LOGISTEX LIMITED

**Annual Report and Financial Statements
31 December 2020**



LOGISTEX LIMITED

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LOGISTEX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J W Woodhouse
M A Nicholson
A D Branch
S M Webber

SECRETARY

M A Nicholson

REGISTERED OFFICE

2700 Kettering Parkway
Kettering
Northamptonshire
NN15 6XR

AUDITOR

BDO LLP
Newton House
Cambridge Business Park
Cambridge
CB4 0WZ

STRATEGIC REPORT

REVIEW OF THE BUSINESS

The Company's principal activity remains 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.

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

Sales in 2020 were in line with 2019 with a good opening order bank and strong level of orders received in 2020. The projects that were carried out in 2020 were delivered to time and cost, which resulted in operating profit returning to normal levels. 2019 had an exceptional one-off project issue resulted in a reduction in the operating profit for that year. Order intake in 2020 was 20% higher than 2019 with orders received from new customers in both the project and residential areas. Project orders received in the first 2 months of 2021 are in line with the budget, with an order received from a new customer to Logistex Ltd. The pipeline for new orders remains robust and the Directors are optimistic that 2021 will deliver a similar out turn and return on sale to 2020.

The Company has continued to invest in our people, continued recruitment of additional heads in our key departments and further development of long-term partnerships with providers of specialist technology. This will stand us in a good position to continue to support and expand our provision to existing and new customers in the UK and overseas logistics market. The robust business model along with the market sectors we serve, mean that the impact of COVID-19 on the business is limited, and we have strong confidence that the business will grow its PBIT and Balance Sheet strength in 2021 and beyond.

We do not expect Brexit to have any significant impact on the business in 2021.

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 2020 was £31,349,000 (2019: £31,580,000).

The operating profit for the year ended 31 December 2020 was £1,910,000 (2019: £25,000).

The retained profit for the year ended 31 December 2020 was £2,246,000 (2019: £18,000).

The taxation credit for the current year was £309,000 (2019: tax credit of £37,000). 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 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 Group does not use derivative financial instruments for speculative purposes. The Company is also potentially exposed to broader macro economic risks in relation to the retail and distribution sector.

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.

LOGISTEX LIMITED

STRATEGIC REPORT (CONTINUED)

Liquidity risk

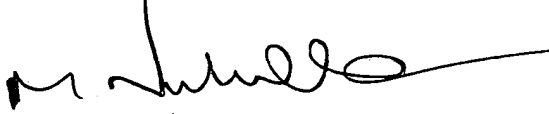
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group ensures regular review of working capital requirements.

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.

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



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

Date 30 March 2021

LOGISTEX LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2020.

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. More detail relating to these has been included in the strategic report.

DIVIDENDS

During the year total dividends of Nil (Nil per ordinary share) were paid, (2019: £NIL), (NIL 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.

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 £300 for charitable donations (2019: £2,390). £nil political donations were made during the year (2019: £nil).

EVENTS AFTER THE BALANCE SHEET DATE

The Company offering of automated material handling systems, especially to the e-commerce market, has resulted in continued enquiries and orders that is expected to result in a similar financial performance in 2021. There have been no other significant events since the balance sheet date to report.

DIRECTORS' REPORT (CONTINUED)

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 they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

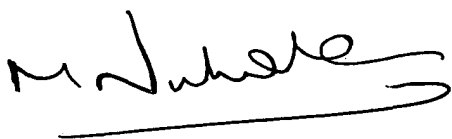
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO 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

Date 30 March 2021

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, subject to any material departures disclosed and explained in the financial statements; 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.

LOGISTEX LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOGISTEX LIMITED

Opinion on the 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 2020 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.

We have audited the financial statements of Logistex Limited ("the Company") for the year ended 31 December 2020 which comprise the profit and loss account, statement of comprehensive income, balance sheet and statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report 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 material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibility statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act, United Kingdom Accounting Standards (Financial Reporting Standard 102) and relevant tax legislation.
- We understood how the Company is complying with the relevant legal and regulatory frameworks, by making enquiries to management, of known or suspected instances of non-compliance with laws and regulations. We corroborated our enquiries through our review of the minutes of board meetings. We reviewed the financial statement

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

disclosures to assess compliance with the relevant laws and regulations discussed above. We remained alert to any indications of non-compliance throughout the audit.

- Discussing among the engagement team involving relevant internal specialists, including tax and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Through analysing the financial statements and performing a preliminary analytical review, we assessed the most significant areas of the audit where there is a higher risk of material misstatement, whether due to fraud or error. The fraud risk due to improper revenue recognition and fraud risk regarding management override of controls were deemed as significant risks of material misstatement and therefore, testing of revenue and financial reporting control procedures were carried out with the intention of identifying any irregularities.
- We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements, and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates, and the risk of fraud in revenue recognition.
- Audit procedures performed in response to the assessment above included: Challenging assumptions made by management in their significant accounting estimates, performing substantive testing on recognition of revenue; testing journal entries.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

BDO LLP

Piers Harrison (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Cambridge, UK
31 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

LOGISTEX LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2020

	Note	2020 £'000	2019 £'000
TURNOVER	3	31,349	31,580
Cost of sales		(24,668)	(26,979)
GROSS PROFIT		6,681	4,601
Administrative expenses		(4,771)	(4,576)
OPERATING PROFIT		1,910	25
Finance income (net)	6	27	30
PROFIT BEFORE TAXATION	4	1,937	55
Tax credited/(charged) for the year	9	309	(37)
PROFIT FOR THE FINANCIAL YEAR		2,246	18

All results are derived from continuing activities.

LOGISTEX LIMITED

STATEMENT OF COMPREHENSIVE INCOME Year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Profit for the financial year		<u>2,246</u>	<u>18</u>
Remeasurement of net defined benefit liability	17	614	515
Taxation in respect of items of other comprehensive income	9	<u>(116)</u>	<u>(98)</u>
Other comprehensive income		<u>498</u>	<u>417</u>
Total comprehensive income		<u><u>2,744</u></u>	<u><u>435</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.

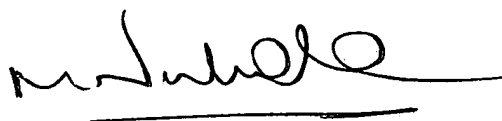
LOGISTEX LIMITED

BALANCE SHEET At 31 December 2020

	Note	2020 £'000	2019 £'000
NON-CURRENT ASSETS			
Tangible assets	10	435	481
Defined benefit pension surplus	17	2,881	2,141
Deferred tax asset	18	-	-
		<u>3,316</u>	<u>2,622</u>
CURRENT ASSETS			
Stocks	11	552	478
Debtors	12	6,715	5,006
Cash at bank and in hand		3,084	2,227
		<u>10,351</u>	<u>7,711</u>
CREDITORS:			
Amounts falling due within one year	13	<u>(6,936)</u>	<u>(6,011)</u>
NET CURRENT ASSETS		<u>3,415</u>	<u>1,700</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,731	4,322
CREDITORS:			
Amounts falling due after one year	14	(171)	(419)
PROVISIONS FOR LIABILITIES	15	(420)	(390)
DEFERRED TAX	18	(8)	(125)
		<u>6,132</u>	<u>3,388</u>
NET ASSETS		<u>6,132</u>	<u>3,388</u>
CAPITAL AND RESERVES			
Called up share capital	16	239	239
Profit and loss account	16	<u>5,893</u>	<u>3,149</u>
SHAREHOLDERS' FUNDS		<u>6,132</u>	<u>3,388</u>

The financial statements of Logistex Limited (company number 00334189) were approved by the Board of Directors and authorised for issue on 30 March 2021,

Signed on behalf of the Board of Directors



M A NICHOLSON

Director

LOGISTEX LIMITED

STATEMENT OF CHANGES IN EQUITY At 31 December 2020

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2019	239	2,714	2,953
Profit for the financial year	-	18	18
Remeasurement of net defined benefit liability (note 17)	-	515	515
Taxation in respect of items of other comprehensive income (note 9)	-	(98)	(98)
Total comprehensive income	-	435	435
Dividends paid on equity shares (note 20)	-	-	-
Capital contributions to EOT	-	-	-
At 31 December 2019	239	3,149	3,388
Profit for the financial year	-	2,246	2,246
Remeasurement of net defined benefit liability (note 17)	-	614	614
Taxation in respect of items of other comprehensive income (note 9)	-	(116)	(116)
Total comprehensive income	-	2,744	2,744
At 31 December 2020	239	5,893	6,132

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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 2006.

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 and Wales. 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 individual subsidiary 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 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. 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.

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, 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 2020

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, 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.

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. 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 2020

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 2020

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

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 2020

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) 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 Company's accounting policies

Revenue recognition

The company's revenue recognition policies, which are set out under Revenue recognition in Note 1, are central to how the company measures the work it has performed in each financial year.

Due to the size and complexity of the company's contracts, management is required to form a number of key judgements in the determination of the amount of revenue and profits to record, and related balance sheet items such as accrued income and deferred income to recognise. This includes an assessment of the stage of completion of a contract at the reporting date and the expected costs to complete.

Provisions

Using information available at the balance sheet date, the Directors make judgements based on experience on the level of provision required against assets, including inventory and trade receivables, and for liabilities including onerous 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.

The cost of defined benefit pension 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 2020

3. ANALYSIS OF TURNOVER

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

	2020 £'000	2019 £'000
Rendering of services	14,762	15,406
Income from construction contracts	16,587	16,174
	<u>31,349</u>	<u>31,580</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:

	2020 £'000	2019 £'000
United Kingdom	29,979	29,932
Rest of Europe	1,206	1,487
North America	164	160
Rest of the world	-	1
	<u>31,349</u>	<u>31,580</u>

4. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):

	2020 £'000	2019 £'000
Depreciation of tangible fixed assets (note 10)	141	165
Operating lease rentals	504	581
Foreign exchange (gain)/loss	(18)	(17)
Impairment of stock recognised as an expense	28	5
	<u></u>	<u></u>

5. AUDITOR'S REMUNERATION

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

6. FINANCE INCOME (NET)

	2020 £'000	2019 £'000
Defined benefit pension debit (note 17)	43	35
Bank interest receivable	1	14
Bank interest payable	(17)	(19)
	<u>27</u>	<u>30</u>

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2020

7. STAFF NUMBERS AND COSTS

	2020 £'000	2019 £'000
Staff costs during the year		
Wages and salaries	11,932	12,392
Social security costs	1,287	1,352
Defined contribution pension costs	542	555
	<u>13,761</u>	<u>14,299</u>
	Number	Number
Average number of employees (including Directors)		
Production	217	230
Distribution	3	3
Administration	35	36
	<u>255</u>	<u>269</u>

8. DIRECTORS REMUNERATION AND TRANSACTIONS

	2020 £'000	2019 £'000
Directors' remuneration		
Emoluments	491	604
Defined contribution pension costs	36	43
	<u>527</u>	<u>647</u>
	Number	Number
Number of Directors who:		
Are members of a defined benefit pension scheme	<u>1</u>	<u>1</u>
	2020 £'000	2019 £'000
Remuneration of highest paid Director		
Emoluments	219	218
	<u>219</u>	<u>218</u>

Three Directors (2019: Five Directors) are remunerated through the Company and their remuneration is disclosed above. One Non-Executive Director who served during the year received £26,573 (2019: £32,435) remuneration for their services to the Company.

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

9. TAXATION

The major components of income tax expense are as follows:

	2020 £'000	2019 £'000
Tax charged in Profit and Loss		
Current tax on profit		
UK corporation tax	25	-
Foreign tax	-	(1)
	<u>25</u>	<u>(1)</u>
Adjustments in respect of prior years		
UK corporation tax	(102)	-
Foreign tax	-	1
	<u>(102)</u>	<u>1</u>
Total current tax	(77)	-
Deferred tax		
Origination and timing differences	125	37
Adjustments in respect of prior year periods	(357)	-
	<u>(232)</u>	<u>37</u>
Total deferred tax (note 18)	(232)	37
	<u>(309)</u>	<u>37</u>
Total tax (credit)/expense reported in Profit and loss	(309)	37
Tax relating to items (credited)/charged directly to the Statement of comprehensive income		
Deferred tax on actuarial remeasurements on retirement benefit obligation	(116)	(98)
	<u>(116)</u>	<u>(98)</u>
Tax charge reported in Statement of comprehensive income	(116)	(98)

The Finance Act 2016 reduced the corporation tax rate to 17% with effect from 1 April 2020 and so this rate was used in the December 2019 deferred tax calculations. In the Budget of 11 March 2020, the Chancellor of the Exchequer announced that the planned rate reduction to 17% would no longer be taking effect. The changes announced during the Budget of 11 March 2020 were substantively enacted as at the 2020 balance sheet date, therefore, all opening deferred taxation balances have been remeasured at 19% with an adjustment recognised in the 2020 total tax charge.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2020

9. TAXATION (CONTINUED)

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:

	2019 £'000	2019 £'000
Profit before tax	1,937	55
Tax on profit at standard UK corporation tax rate of 19% per cent (2019: 19%)	368	(10)
Effects of:		
Expenses not deductible for tax purposes	52	13
Amounts credited directly to equity or otherwise transferred	116	-
Tax effect of losses carried forward	(379)	-
Adjustments to corporation tax charge in respect of previous periods	(102)	-
Adjustments to deferred tax charge in respect of previous periods	(357)	-
Adjustments for changes in deferred tax rates	(7)	(13)
Deferred tax not recognised	-	27
Total tax (credit)/charge for the year	(309)	37

The aggregate current and deferred tax relating to items in other comprehensive income is a charge of £116,000 (2019: £98,000). For further information on deferred tax balances see note 18.

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2020

10. TANGIBLE FIXED ASSETS

	Plant and equipment £'000
Cost	
At 1 January 2020	2,321
Additions	95
Disposals	-
	<hr/>
At 31 December 2020	2,416
	<hr/>
Depreciation	
At 1 January 2020	1,840
Charge for the year	141
Disposals	-
	<hr/>
At 31 December 2020	1,981
	<hr/>
Net book value	
At 31 December 2020	435
	<hr/>
At 31 December 2019	481
	<hr/>

11. STOCKS

	2020 £'000	2019 £'000
Finished goods and goods for resale	552	478
	<hr/>	<hr/>

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

12. DEBTORS

	2020 £'000	2019 £'000
Amounts due within one year		
Trade debtors	4,830	2,659
Amounts recoverable on contracts	935	1,659
Prepayments and accrued income	950	688
	<hr/>	<hr/>
	6,715	5,006
	<hr/>	<hr/>

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2020

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Payments received on account	1,299	1,228
Trade creditors	2,309	2,755
Amounts owed to fellow group undertakings	51	51
Other taxation and social security	1,888	779
Defined contribution pension scheme accrual	102	99
Accruals and deferred income	1,020	830
Bank loan	267	269
	<u>6,936</u>	<u>6,011</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £'000	2019 £'000
Bank Loan	<u>171</u>	<u>419</u>
The maturity of the bank loan is as follows:		
Due in more than one year, but not more than two years	171	269
Due in more than two years but not more than five years.	0	150
	<u>171</u>	<u>419</u>

In 2018 the Company borrowed funds from its banker amounting to £1,000,000, which is secured over the book debts of the Company. The loan is repayable in 16 equal quarterly instalments. The loan accrues interest at a rate 2.7% per annum.

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

15. PROVISIONS FOR LIABILITIES

	Property Provisions £'000	HSE Provisions £'000	Other Provisions £'000	Total Provisions £'000
At 1 January 2020	30	160	200	390
Charged to profit and loss	-	200	(170)	-
At 31 December 2020	30	360	30	420

Property provisions as at 1 January 2016 related to dilapidation assessments by third party experts. The provision as at 31 December 2020 related to an assessment made by the Directors.

Provisions for HSE ongoing investigations were made in 2017 and increased by £200,000 in 2020. It is expected that the investigations will conclude in 2021.

Other provisions were made in 2020 in relation to new technology on an ongoing project which will completed in 2021. The provision has been reduced to reflect the lower residual risk on the project going into 2021.

16. CALLED UP SHARE CAPITAL

	2020 £'000	2019 £'000
Called up, allotted and fully paid		
954,500 ordinary shares of £0.25	239	239

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

The Company's other reserve is as follows:

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

17. 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 £542,000 (2019: £555,000).

As at 31 December 2020, contributions of £101,858 (2019: £99,061) 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 scheme's funds are administered by trustees and are independent of the Company's finances. The date of the most recent full actuarial valuation was 29 January 2020. The scheme is a funded scheme. The Company is expected to contribute £41,667 per month to the scheme from April 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2020

17. PENSION COMMITMENTS – RETIREMENT BENEFIT SCHEMES (Continued)

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 29 January 2020 by James Chandler, 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	
	2020	2019
Key assumptions used:		
Discount rate	1.40%	2.05%
Future pension increases	2.70%	2.75%
Inflation - RPI	2.75%	2.85%
Inflation - CPI pre - 2030		
Inflation - CPI post - 2030	1.75%	1.95%
	2.75%	1.95%

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	
	2020	2019
	years	years
Retiring today:		
Males	86.2	86.3
Females	88.6	88.3
Retiring in 20 years:		
Males	87.3	87.4
Females	89.8	89.5

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

	2020	2019
	£'000	£'000
Net interest credit/(cost)		
Provision for treatment of GMP's	43	35
	(100)	-
Charge recognised in profit and loss	(57)	35
Recognised in other comprehensive income	614	515
Total credit/(cost) relating to defined benefit scheme	514	550

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

17. PENSION COMMITMENTS – RETIREMENT BENEFIT SCHEMES (Continued)

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

	2020 £'000	2019 £'000
Present value of defined benefit obligations	(37,879)	(35,205)
Fair value of scheme assets	40,760	37,346
Net asset/(liability) recognised in the balance sheet	<u>2,881</u>	<u>2,141</u>

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

	2020 £'000	2019 £'000
At 1 January	(35,205)	(33,070)
Interest cost	(707)	(907)
Actuarial gains and losses	(3,468)	(2,618)
Benefits paid	1,501	1,390
At 31 December	<u>(37,879)</u>	<u>(35,205)</u>

Movement in fair value of scheme assets were as follows;

	2020 £	2019 £
At 1 January	37,346	34,161
Interest income	750	942
Return on plan assets (excluding amount included in net interest expense)	3,982	3,133
Contributions from the employer	183	500
Benefits paid	(1,501)	(1,390)
At 31 December	<u>40,760</u>	<u>37,346</u>

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

	Fair value of assets	
	2020 £	2019 £
Return seeking	8,760	8,098
Index Linked	16,390	15,679
Matching	12,316	13,140
Cash	3,294	429
	<u>40,760</u>	<u>37,346</u>

LOGISTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2020

18. DEFERRED TAX

The analysis of the deferred tax asset/ (liability) is as follows:

	2020 £'000	2019 £'000
Fixed asset timing differences	(43)	(39)
Short-term timing differences	33	18
Losses and other deductions	-	251
Deferred tax on items charged through OCI	-	(357)
	<u>(10)</u>	<u>(127)</u>

Reconciliation of deferred tax assets/ (liabilities):

	2020 £'000	2019 £'000
As at 1 January	(127)	8
Tax expense during the period recognised in profit and loss	233	(37)
Tax expense during the period recognised in OCI	(116)	(98)
As at 31 December	<u>(10)</u>	<u>(127)</u>

19. FINANCIAL COMMITMENTS

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

	2020		2019	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Company				
- within one year	150	312	150	344
- between one and five years	525	304	600	548
	<u>675</u>	<u>616</u>	<u>750</u>	<u>892</u>

Derivative financial instruments – Forward contracts

The Company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables.

At 31 December 2020, there are no outstanding forward contracts (2019: mature within 10 months) of the year end.

The Company has no commitments to buy and pay a fixed sterling amount as at 31 December 2020. (2019 US\$1,103,726 and €792,000 and pay a fixed sterling amount of £689,172 and £843,074 respectively).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Derivative financial instruments – Forward contracts (continued)

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP: USD and GBP: EUR. The fair value of the forward-foreign currency approximates their carrying values at year end.

20. RELATED PARTY TRANSACTIONS

As at 31 December 2020, the Company was a wholly owned subsidiary of Logistex Europe Limited, the consolidated financial statements of which are publicly available. Copies of its consolidated 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.

21. ULTIMATE PARENT COMPANY

As at 31 December 2020, the Directors regarded Logistex Trustees Limited, a company incorporated in United Kingdom and registered in England and Wales, as the Company's ultimate parent undertaking for the year ended 31 December 2020. The controlling party is considered to be the shareholders of Logistex Trustees Limited, no single party has a controlling interest.