

**Registered number: 00914137**

## **SUTTONS INTERNATIONAL LIMITED**

**Annual Report and Financial Statements**

**For the Year Ended 30 April 2017**

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## **SUTTONS INTERNATIONAL LIMITED**

### **Company Information**

|                             |  |
|-----------------------------|--|
| <b>Directors</b>            | K. Broom<br>I. Daines<br>J. M. Sutton<br>B. McNally (appointed 16 January 2017)  |
| <b>Company secretary</b>    | N Wignall Jennings   |
| <b>Registered number</b>    | 00914137   |
| <b>Registered office</b>    | Gorsey Lane<br>Widnes<br>Cheshire<br>WA8 0GG   |
| <b>Independent auditors</b> | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>No. 1 Spinningfields<br>Hardman Square<br>Manchester<br>M3 3EB |
| <b>Bankers</b>              | HSBC Bank plc<br>Liverpool<br>Merseyside<br>L2 6PG   |

## **SUTTONS INTERNATIONAL LIMITED**

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## **SUTTONS INTERNATIONAL LIMITED**

### **Strategic Report For the Year Ended 30 April 2017**

The directors present their Strategic report of Suttons International Limited (the "company") for the year ended 30 April 2017.

#### **Business review**

The Company continued to operate in very difficult market conditions, with competitive pressure driving down margins in trading currencies. The reported result benefited from the depreciation in sterling, following the Brexit referendum, which offset the underlying margin pressure. During the second half of 2016/2017 and the first half of 2017/2018, and following the appointment of a new Managing Director of the International Division, significant changes have been made to the management team. These changes are intended to facilitate the implementation of the strategic plan, with a clear focus on driving higher levels of customer service and efficiency backed by investment in I.T., management information systems and growing the fleet of iso-tanks. An additional 800 iso-tanks were ordered for delivery between October 2016 and April 2018.

Overall the Company invested a total of £5.0m in new I.T. systems and iso-tanks during the year to maintain and expand its asset base and improve efficiency and service delivery.

Turnover from continuing operations fell by £9.2m, or 26%, to £26.0m the fall was because some business that was previously invoiced via the Company was relocated to another subsidiary of the Group.

The operating profit increased by £0.7m to £3.8m. EBITDA (earnings before interest, tax, depreciation and amortisation), which equates more closely to cash generated by the operations of the Company, increased by £2.3m to £7.6m.

The net assets of the company increased by £5,018,532 to £23,730,978 during the year.

#### **Principal risks and uncertainties**

The company's operations potentially expose it to a variety of financial risks which derive from market volatility, credit and foreign exchange exposure. The Board closely monitors these risks so as to limit any adverse impact on financial performance. It also ensures that the Company's liquidity is maintained by the use of long and short term financial instruments, as necessary, to support its operational and funding requirements.

Whilst it is too early to assess the long-term effect of Brexit on the Company's activities, we have established a working party to monitor exit negotiations and to plan for a range of possible outcomes in key areas such as employment, trade tariffs and customs procedures.

This report was approved by the board on 29 January 2018 and signed on its behalf by:

  
**K. Broom**  
Director

## **SUTTONS INTERNATIONAL LIMITED**

### **Directors' Report For the Year Ended 30 April 2017**

The directors present their annual report and the audited financial statements of Suttons International Limited (the "company") for the year ended 30 April 2017.

#### **Principal activities**

The principal activity of the company continued to be that of shipping and forwarding agents inter-alia the global transportation of bulk liquids and gases.

#### **Results and dividends**

The profit for the financial year, amounted to £5,018,532 (2016: £3,489,628).

No interim dividends were paid. The directors do not recommend payment of a final dividend (2016: £Nil).

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

K. Broom  
I. Daines  
J. M. Sutton  
B. McNally (appointed 16 January 2017)

#### **Future developments**

The company has a strategic plan which is focused on using technology, investing in new assets and developing its team to deliver the highest levels of customer service and outstanding value for money. The focus on the next 12 months is on further development of the "Suttons Way" of operating, developing our team to deliver ever improving service levels and improving internal and external management information to drive improved performance.

#### **Financial risk management**

The company's operations expose it to a variety of financial risks which derive from market volatility, credit and foreign exchange exposure. The Board closely monitors these risks so as to limit any adverse impact on financial performance. It also ensures that the company's liquidity is maintained through the use of long and short term financial instruments, as necessary, to support its operational and funding requirements.

#### **Going concern**

The net current liabilities of the business have reduced by £8,132,969, to £3,509,753 over the year. At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, given forecast profit levels and the continued support of its ultimate parent company and thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

## **SUTTONS INTERNATIONAL LIMITED**

### **Directors' Report (continued) For the Year Ended 30 April 2017**

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 to 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.

#### **Qualifying third party indemnity provisions**

The Company has Directors and Officers Liability insurance in place, throughout the year ended 30 April 2017 and up to and including the date of this report, to indemnify the Directors & Officers of the Company in respect of claims made against them for any actual or alleged wrongful act in their capacity as Directors and Officers of the Company.

#### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Independent auditors**

During the year Jackson Stephen LLP resigned as auditors of the company and PricewaterhouseCoopers LLP were appointed to fill the vacancy. PricewaterhouseCoopers LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 January 2018 and signed on its behalf by:



**K. Broom**  
Director

## **SUTTONS INTERNATIONAL LIMITED**

### **Independent Auditors' Report to the Members of Suttons International Limited**

#### **Report on the financial statements**

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##### **Our opinion**

In our opinion, Suttons International Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 April 2017 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.
- 

##### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 30 April 2017;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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##### **Opinions on other matters prescribed by the Companies Act 2006**

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In our opinion, based on the work undertaken in the course of an 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 addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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##### **Other matters on which we are required to report by exception**

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###### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

## **SUTTONS INTERNATIONAL LIMITED**

### **Independent Auditors' Report to the Members of Suttons International Limited**

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#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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#### **Responsibilities for the financial statements and the audit**

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##### **Our responsibilities and those of the directors**

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 & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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##### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.



## **SUTTONS INTERNATIONAL LIMITED**

### **Independent Auditors' Report to the Members of Suttons International Limited**

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers WP".

Philip Storer (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors

Manchester

Date: 30 January 2018

# **SUTTONS INTERNATIONAL LIMITED**

## **Statement of Comprehensive Income For the Year Ended 30 April 2017**

|  |      | 2017<br>£         | As restated<br>2016<br>£ |
|--|------|-------------------|--------------------------|
|  | Note |                   |                          |
| Turnover   | 4    | 25,983,053        | 35,213,657               |
| Cost of sales  |      | (14,390,596)      | (27,053,696)             |
| <b>Gross profit</b>                                      |      | <b>11,592,457</b> | <b>8,159,961</b>         |
| Administrative expenses                                  |      | (7,780,522)       | (4,964,909)              |
| Other operating income/(expenses)                        | 5    | 15,981            | (45,476)                 |
| <b>Operating profit</b>                                  | 6    | <b>3,827,916</b>  | <b>3,149,576</b>         |
| Interest receivable and similar income                   | 10   | 2,347,401         | 2,177                    |
| Interest payable and similar expenses                    | 11   | (507,261)         | (426,630)                |
| <b>Profit before taxation</b>                            |      | <b>5,668,056</b>  | <b>2,725,123</b>         |
| Tax on profit  | 12   | (649,524)         | 764,505                  |
| <b>Profit for the financial year</b>                     |      | <b>5,018,532</b>  | <b>3,489,628</b>         |
| <b>Total comprehensive income for the financial year</b> |      | <b>5,018,532</b>  | <b>3,489,628</b>         |

The notes on pages 10 to 28 form part of these financial statements.

**SUTTONS INTERNATIONAL LIMITED**  
Registered number: 00914137

**Balance Sheet**  
**As at 30 April 2017**

|   | Note | 2017<br>£          | As restated<br>2016<br>£ |
|---|------|--------------------|--------------------------|
| <b>Fixed assets</b>                                     |      |                    |                          |
| Intangible assets                                       | 13   | 220,324            | 275,405                  |
| Tangible assets   | 14   | 41,901,805         | 41,228,949               |
| Investments   | 15   | 1,010,165          | 1,010,165                |
|   |      | <u>43,132,294</u>  | <u>42,514,519</u>        |
| <b>Current assets</b>                                   |      |                    |                          |
| Stocks  | 16   | 9,606              | 9,606                    |
| Debtors   | 17   | 47,125,299         | 31,332,132               |
| Cash at bank and in hand                                | 18   | 806,323            | 1,530,671                |
|   |      | <u>47,941,228</u>  | <u>32,872,409</u>        |
| Creditors: amounts falling due within one year          | 19   | (51,450,981)       | (44,535,131)             |
| <b>Net current liabilities</b>                          |      | <u>(3,509,753)</u> | <u>(11,662,722)</u>      |
| <b>Total assets less current liabilities</b>            |      | <u>39,622,541</u>  | <u>30,851,797</u>        |
| Creditors: amounts falling due after more than one year | 20   | (12,406,371)       | (8,283,543)              |
| <b>Provisions for liabilities</b>                       |      |                    |                          |
| Deferred tax  | 22   | (3,485,192)        | (3,855,808)              |
| <b>Net assets</b>                                       |      | <u>23,730,978</u>  | <u>18,712,446</u>        |
| <b>Capital and reserves</b>                             |      |                    |                          |
| Called up share capital                                 | 23   | 500,000            | 500,000                  |
| Retained earnings                                       |      | 23,230,978         | 18,212,446               |
| <b>Total shareholders' funds</b>                        |      | <u>23,730,978</u>  | <u>18,712,446</u>        |

The financial statements on pages 7 to 28 were approved and authorised for issue by the board and were signed on its behalf by:



**K. Broom**  
Director

Date: 29 January 2018

The notes on pages 10 to 28 form part of these financial statements.

**SUTTONS INTERNATIONAL LIMITED**

**Statement of Changes in Equity  
For the Year Ended 30 April 2017**

|  | <b>Called up<br/>share capital</b> | <b>Retained<br/>earnings</b> | <b>Total<br/>shareholders'<br/>funds</b> |
|--|------------------------------------|------------------------------|--|
|  | <b>£</b>                           | <b>£</b>                     | <b>£</b>                                 |
| <b>At 1 May 2015 (as previously stated)</b>              | <b>500,000</b>                     | <b>14,497,166</b>            | <b>14,997,166</b>                        |
| Prior year adjustment                                    | -                                  | 225,652                      | 225,652                                  |
| <b>At 1 May 2015 (as restated)</b>                       | <b>500,000</b>                     | <b>14,722,818</b>            | <b>15,222,818</b>                        |
| <b>Comprehensive income for the financial year</b>       |                                    |                              |  |
| Profit for the financial year                            | -                                  | 3,489,628                    | 3,489,628                                |
| <b>Total comprehensive income for the financial year</b> | <b>-</b>                           | <b>3,489,628</b>             | <b>3,489,628</b>                         |
| <b>At 30 April 2016 (as previously stated)</b>           | <b>500,000</b>                     | <b>16,463,202</b>            | <b>16,963,202</b>                        |
| Prior year adjustment                                    | -                                  | 1,749,244                    | 1,749,244                                |
| <b>At 30 April 2016 (as restated)</b>                    | <b>500,000</b>                     | <b>18,212,446</b>            | <b>18,712,446</b>                        |
| <b>Comprehensive income for the financial year</b>       |                                    |                              |  |
| Profit for the financial year                            | -                                  | 5,018,532                    | 5,018,532                                |
| <b>Total comprehensive income for the financial year</b> | <b>-</b>                           | <b>5,018,532</b>             | <b>5,018,532</b>                         |
| <b>At 30 April 2017</b>                                  | <b>500,000</b>                     | <b>23,230,978</b>            | <b>23,730,978</b>                        |

## **SUTTONS INTERNATIONAL LIMITED**

### **Notes to the Financial Statements For the Year Ended 30 April 2017**

#### **1. General information**

Suttons International Limited (the "company") is a private limited company incorporated in the United Kingdom and registered in England and Wales. The registered office is Gorsey Lane, Widnes, Cheshire, WA8 0GG.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year.

##### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Thomas Cradley Holdings Limited as at 30 April 2017 and these financial statements may be obtained from Crown Way, Maindy, Cardiff, CF14 3UZ.

##### **2.3 Associates and joint ventures**

Investments in associates and joint ventures are held at cost less impairment.

##### **2.4 Going concern**

The net current liabilities of the business have reduced by £8,132,969, to £3,509,753 over the year. At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, given forecast profit levels and the continued support of its ultimate parent company and thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

## **SUTTONS INTERNATIONAL LIMITED**

### **Notes to the Financial Statements For the Year Ended 30 April 2017**

#### **2. Accounting policies (continued)**

##### **2.5 Exemption from preparing consolidated financial statements**

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its ultimate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

##### **2.6 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### **Rendering of services**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### **2.7 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

|                         |   |  |
|-------------------------|---|--|
| Development expenditure | - | Over the life of the asset to which it relates |
|-------------------------|---|--|

##### **2.8 Tangible assets**

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

## **SUTTONS INTERNATIONAL LIMITED**

### **Notes to the Financial Statements For the Year Ended 30 April 2017**

#### **2. Accounting policies (continued)**

##### **2.8 Tangible assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                       |  |
|-----------------------|--|
| Plant and machinery   | - 10-33% per annum straight line basis   |
| Motor vehicles        | - 20% per annum straight line basis and 5.6%-<br>10% per annum straight line basis |
| Fixtures and fittings | - 5%-33% depending on the nature of the assets                                     |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

##### **2.9 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

##### **2.10 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

##### **2.11 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### **2.12 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

## **SUTTONS INTERNATIONAL LIMITED**

### **Notes to the Financial Statements For the Year Ended 30 April 2017**

#### **2. Accounting policies (continued)**

##### **2.13 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **2.14 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

##### **2.15 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.



## **SUTTONS INTERNATIONAL LIMITED**

### **Notes to the Financial Statements For the Year Ended 30 April 2017**

#### **2. Accounting policies (continued)**

##### **2.16 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.17 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

##### **2.18 Leased assets: the company as lessee**

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### **2.19 Pensions**

###### **Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

##### **2.20 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

##### **2.21 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

## **SUTTONS INTERNATIONAL LIMITED**

### **Notes to the Financial Statements For the Year Ended 30 April 2017**

#### **2. Accounting policies (continued)**

##### **2.22 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### **2.23 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **2.24 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

## **SUTTONS INTERNATIONAL LIMITED**

### **Notes to the Financial Statements For the Year Ended 30 April 2017**

#### **2. Accounting policies (continued)**

##### **2.25 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

##### **2.26 Prior year adjustment**

The prior year result has been restated to take account of the impact of an adjustment to prior year earnings in China.

The impact of the restatement on the year ended 30 April 2016 results is as follows:

- The profit for the financial year increased from £1.567m to £3.490m
- The net assets of the company increased from £16.789m to £18.712m.
- The net current liabilities of the company decreased from £13.586m to £11.663m.

#### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# SUTTONS INTERNATIONAL LIMITED

## Notes to the Financial Statements For the Year Ended 30 April 2017

### 4. Turnover

An analysis of turnover by class of business is as follows:

|                                | 2017<br>£         | As restated<br>2016<br>£ |
|--------------------------------|-------------------|--------------------------|
| Shipping and forwarding agents | <b>25,983,053</b> | 35,213,657               |

Analysis of turnover by country of destination:

|                   | 2017<br>£         | As restated<br>2016<br>£ |
|-------------------|-------------------|--------------------------|
| United Kingdom    | <b>14,924,413</b> | 15,339,769               |
| Rest of Europe    | <b>394,384</b>    | 761,669                  |
| Rest of the world | <b>10,664,256</b> | 19,112,219               |
|                   | <b>25,983,053</b> | 35,213,657               |

### 5. Other operating income/(expenses)

|                                   | 2017<br>£     | 2016<br>£ |
|-----------------------------------|---------------|-----------|
| Other operating income/(expenses) | <b>15,981</b> | (45,476)  |

### 6. Operating profit

The operating profit is stated after charging:

|   | 2017<br>£        | 2016<br>£ |
|---|------------------|-----------|
| Depreciation of tangible assets                           | <b>982,403</b>   | 188,710   |
| Depreciation of tangible assets held under finance leases | <b>2,750,921</b> | 1,923,100 |
| Loss on disposal of tangible assets                       | <b>117,721</b>   | 9,082     |
| Amortisation of intangible assets                         | <b>55,081</b>    | -         |
| Exchange differences                                      | <b>1,461,566</b> | 322,711   |
| Operating lease rentals                                   | <b>290,316</b>   | 174,154   |
| Bad debts and other provisions                            | <b>30,902</b>    | 452,852   |

# **SUTTONS INTERNATIONAL LIMITED**

## **Notes to the Financial Statements For the Year Ended 30 April 2017**

### **7. Auditors' remuneration**

|   | <b>2017</b><br><b>£</b> | <b>2016</b><br><b>£</b> |
|---|-------------------------|-------------------------|
| Fees payable to the Company's auditors' and its associates for the audit of the Company's annual financial statements | <b>25,000</b>           | <b>31,144</b>           |

Fees payable to the Company's auditor for other services are disclosed in the consolidated financial statements of the Company's ultimate parent company, Thomas Cradley Holdings Limited.

### **8. Employees**

Staff costs, including directors' remuneration, were as follows:

|                       | <b>2017</b><br><b>£</b> | <b>2016</b><br><b>£</b> |
|-----------------------|-------------------------|-------------------------|
| Wages and salaries    | <b>1,885,270</b>        | <b>1,582,207</b>        |
| Social security costs | <b>182,000</b>          | <b>131,988</b>          |
| Other pension costs   | <b>96,857</b>           | <b>64,520</b>           |
|                       | <b>2,164,127</b>        | <b>1,778,715</b>        |

The average monthly number of employees, including the directors, during the year was as follows:

|                        | <b>2017</b><br><b>No.</b> | <b>2016</b><br><b>No.</b> |
|------------------------|---------------------------|---------------------------|
| Forwarding and freight | <b>47</b>                 | <b>41</b>                 |

## SUTTONS INTERNATIONAL LIMITED

### Notes to the Financial Statements For the Year Ended 30 April 2017

#### 9. Directors' remuneration

The emoluments below are those paid to directors in respect of qualifying services to the company. Some of the directors are directors of other group companies and are remunerated through those companies, where their emoluments are disclosed. No recharge is made to this company and they did not receive any remuneration in respect of qualifying services to this company.

|   | 2017<br>£      | 2016<br>£ |
|---|----------------|-----------|
| Directors' emoluments   | 270,514        | -         |
| Company contributions to defined contribution pension schemes | 22,536         | -         |
|   | <u>293,050</u> | <u>-</u>  |

During the year retirement benefits were accruing to 2 directors (2016: none) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £183,324 (2016: £Nil).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £19,136 (2016: £Nil).

#### 10. Interest receivable and similar income

|                           | 2017<br>£        | 2016<br>£    |
|---------------------------|------------------|--------------|
| Dividends received        | 2,347,399        | -            |
| Interest on bank deposits | 2                | 2,177        |
|                           | <u>2,347,401</u> | <u>2,177</u> |

The dividend received amount from group companies includes £941,000 from Suttons International SARL, £24,000 from Suttons International (Japan) KK and £1,357,000 from Suttons International Freight Forwarding (Shanghai) Limited.

#### 11. Interest payable and similar expenses

|                                       | 2017<br>£      | 2016<br>£      |
|---------------------------------------|----------------|----------------|
| Interest on bank loans and overdrafts | 61,892         | 1,855          |
| Interest on hire purchase contracts   | 445,369        | 424,775        |
|                                       | <u>507,261</u> | <u>426,630</u> |

# SUTTONS INTERNATIONAL LIMITED

## Notes to the Financial Statements For the Year Ended 30 April 2017

### 12. Tax on profit

|  | 2017<br>£        | 2016<br>£        |
|--|------------------|------------------|
| <b>Corporation tax</b>                         |                  |                  |
| Current tax on profits for the year            | 865,895          | (34,585)         |
| Adjustments in respect of previous periods     | 154,245          | (821,231)        |
| <b>Total current tax</b>                       | <b>1,020,140</b> | <b>(855,816)</b> |
| <b>Deferred tax</b>                            |                  |                  |
| Origination and reversal of timing differences | (12,057)         | 572,783          |
| Changes to tax rates                           | (203,850)        | (428,423)        |
| Adjustments in respect of previous periods     | (154,709)        | (53,049)         |
| <b>Total deferred tax</b>                      | <b>(370,616)</b> | <b>91,311</b>    |
| <b>Tax on profit</b>                           | <b>649,524</b>   | <b>(764,505)</b> |

### Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than (2016 : lower than) the standard rate of corporation tax in the UK of 19.92% (2016 : 20%). The differences are explained below:

|  | 2017<br>£      | 2016<br>£        |
|--|----------------|------------------|
| Profit before taxation   | 5,668,056      | 2,725,123        |
| Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.92% (2016: 20 %) | 1,129,076      | 545,025          |
| <b>Effects of:</b>   |                |                  |
| Expenses not deductible for tax purposes   | 192,313        | 1,094            |
| Income not taxable   | (467,550)      | (3,305)          |
| Adjustments in respect of previous periods   | (464)          | (874,280)        |
| Tax rate changes   | (203,851)      | (428,423)        |
| Transfer of trade and assets   | -              | 379,980          |
| Affect of prior year restatement   | -              | (384,596)        |
| <b>Total tax charge/(credit) for the year</b>  | <b>649,524</b> | <b>(764,505)</b> |

## SUTTONS INTERNATIONAL LIMITED

### Notes to the Financial Statements For the Year Ended 30 April 2017

#### 12. Tax on profit (continued)

##### Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

#### 13. Intangible assets

|                                 | Development<br>expenditure<br>£ |
|---------------------------------|---------------------------------|
| <b>Cost</b>                     |                                 |
| At 1 May 2016                   | 275,405                         |
| At 30 April 2017                | <u>275,405</u>                  |
| <b>Accumulated amortisation</b> |                                 |
| At 1 May 2016                   | -                               |
| Charge for the year             | 55,081                          |
| At 30 April 2017                | <u>55,081</u>                   |
| <b>Net book value</b>           |                                 |
| At 30 April 2017                | <u>220,324</u>                  |
| At 30 April 2016                | <u>275,405</u>                  |



# SUTTONS INTERNATIONAL LIMITED

## Notes to the Financial Statements For the Year Ended 30 April 2017

### 14. Tangible assets

|                                 | Plant and<br>Equipment<br>£ | Fixtures and<br>fittings<br>£ | Vehicles,<br>Tanks &<br>Containers<br>£ | Total<br>£        |
|---------------------------------|-----------------------------|-------------------------------|---|-------------------|
| <b>Cost</b>                     |                             |                               |   |                   |
| At 1 May 2016                   | 1,771,918                   | 369,847                       | 71,535,450                              | 73,677,215        |
| Additions                       | 159,844                     | 1,129                         | 4,577,972                               | 4,738,945         |
| Disposals                       | -                           | -                             | (1,265,535)                             | (1,265,535)       |
| At 30 April 2017                | <u>1,931,762</u>            | <u>370,976</u>                | <u>74,847,887</u>                       | <u>77,150,625</u> |
| <b>Accumulated depreciation</b> |                             |                               |   |                   |
| At 1 May 2016                   | 1,081,039                   | 156,710                       | 31,210,517                              | 32,448,266        |
| Charge for the year             | 214,716                     | 4,160                         | 3,514,448                               | 3,733,324         |
| Disposals                       | -                           | -                             | (932,770)                               | (932,770)         |
| At 30 April 2017                | <u>1,295,755</u>            | <u>160,870</u>                | <u>33,792,195</u>                       | <u>35,248,820</u> |
| <b>Net book value</b>           |                             |                               |   |                   |
| At 30 April 2017                | <u>636,007</u>              | <u>210,106</u>                | <u>41,055,692</u>                       | <u>41,901,805</u> |
| At 30 April 2016                | <u>690,879</u>              | <u>213,137</u>                | <u>40,324,933</u>                       | <u>41,228,949</u> |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

|   | 2017<br>£         | 2016<br>£         |
|---|-------------------|-------------------|
| Vehicles, tanks and containers                  | <u>32,524,937</u> | <u>31,723,458</u> |
| Depreciation charge in respect of leased assets | <u>2,750,921</u>  | <u>1,923,100</u>  |

## SUTTONS INTERNATIONAL LIMITED

### Notes to the Financial Statements For the Year Ended 30 April 2017

#### 15. Investments

|                                    | Investments<br>in<br>subsidiary<br>companies<br>£ | Investment<br>in<br>associates<br>and joint<br>ventures<br>£ | Total<br>£ |
|------------------------------------|---|--|------------|
| <b>Cost</b>                        |   |  |            |
| At 1 May 2016 and at 30 April 2017 | 836,152   | 174,013  | 1,010,165  |
| <b>Net book value</b>              |   |  |            |
| At 30 April 2017                   | 836,152   | 174,013  | 1,010,165  |
| At 30 April 2016                   | 836,152   | 174,013  | 1,010,165  |

The balance between Suttons International Limited and Suttons Arabia Company was a liability of £187k as at the balance sheet date.

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

| Name  | Class of shares | Holding | Principal activity             |
|---|-----------------|---------|--------------------------------|
| Suttons International GmbH  | Ordinary        | 100 %   | Shipping and forwarding agents |
| Suttons International SARL  | Ordinary        | 100 %   | Shipping and forwarding agents |
| Suttons International (Japan) KK  | Ordinary        | 51 %    | Shipping and forwarding agents |
| Suttons International NV  | Ordinary        | 100 %   | Shipping and forwarding agents |
| Suttons International Singapore Pte. Ltd                                  | Ordinary        | 100 %   | Shipping and forwarding agents |
| Suttons International (N.A.) Inc  | Ordinary        | 100 %   | Shipping and forwarding agents |
| Suttons Arabia Company  | Ordinary        | 50 %    | Shipping and forwarding agents |
| Suttons International Tank Container Cleaning Services (Shanghai) Company | Ordinary        | 100 %   | Tank cleaning services         |
| Suttons International Freight Forwarding (Shanghai) Limited               | Ordinary        | 100 %   | Shipping and forwarding agents |
| Suttons Logistics (Shanghai) Limited                                      | Ordinary        | 100 %*  | Shipping and forwarding agents |
| IS Logistics Pte  | Ordinary        | 100 %*  | Logistics services             |
| I-Solutions Logistics Pte   | Ordinary        | 100 %*  | Not trading                    |

\* Indirectly held

## SUTTONS INTERNATIONAL LIMITED

### Notes to the Financial Statements For the Year Ended 30 April 2017

#### 15. Investments (continued)

| Name  | Registered office  |
|---|--|
| Suttons International GmbH  | Speyerer Str. 56b, 67227 Frankenthal, Ludwigshafen, Germany  |
| Suttons International SARL  | 20 Rue Des Quatres Saisons, 76290 Montivilliers, France  |
| Suttons International (Japan) KK  | Room 203, Saito Bldg, 14-6 Kyubushi 3-chome, Chuo-ku, Tokyo, Japan 104-003                           |
| Suttons International NV  | North Trading Building, Noorderlaan 133, Antwerp, Belgium B 2030                                     |
| Suttons International Singapore Pte. Ltd                                  | 456 Alexandria Road, 24-03 Fragrance Empire Building, Singapore 119962                               |
| Suttons International (N.A.) Inc  | Bell Works Building 4, Floor 2, Suite 200, 101 Crawford Corner Road, Holmdel, New Jersey 07733 (USA) |
| Suttons Arabia Company  | Jubail Commercial Port, PO Box 2197, Jubail 31951, Kingdom of Saudi Arabia                           |
| Suttons International Tank Container Cleaning Services (Shanghai) Company | Unit D, 16th Floor Long Life Mansion, 1566 Yan An West Road, Shanghai 200052, China                  |
| Suttons International Freight Forwarding (Shanghai) Limited               | Unit D, 16th Floor Long Life Mansion, 1566 Yan An West Road, Shanghai 200052, China                  |
| Suttons Logistics (Shanghai) Limited                                      | Unit D, 16th Floor Long Life Mansion, 1566 Yan An West Road, Shanghai 200052, China                  |
| IS Logistics Pte  | 53 Tuas Crescent #02.00 Singapore 638732   |
| I-Solutions Logistics Pte   | 53 Tuas Crescent #02.00 Singapore 638732   |

Suttons International Singapore Pte. owns 100.00% of the ordinary share capital of each of IS Logistics PTE. Ltd and I - Solution Logistics Ltd., companies registered in Singapore. The principal activity of the first is shipping and freight forwarding agents, whereas the second did not trade in the year.

Suttons International Freight Forwarding (Shanghai) Limited owns 100.00% of the ordinary share capital of Suttons Logistics (Shanghai) Limited, a company registered in China. Its principal activities are shipping and forwarding agents.

#### 16. Stocks

|                               | 2017<br>£    | 2016<br>£    |
|-------------------------------|--------------|--------------|
| Raw materials and consumables | <u>9,606</u> | <u>9,606</u> |

# **SUTTONS INTERNATIONAL LIMITED**

## **Notes to the Financial Statements For the Year Ended 30 April 2017**

### **17. Debtors**

|                                    | 2017<br>£         | 2016<br>£         |
|------------------------------------|-------------------|-------------------|
| Trade debtors                      | 4,879,954         | 7,029,132         |
| Amounts owed by group undertakings | 40,812,650        | 23,504,828        |
| Other debtors                      | 922,330           | 255,070           |
| Corporation tax recoverable        | -                 | 117,877           |
| Prepayments and accrued income     | 510,365           | 425,225           |
|                                    | <u>47,125,299</u> | <u>31,332,132</u> |

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

### **18. Cash and cash equivalents**

|                          | 2017<br>£          | 2016<br>£        |
|--------------------------|--------------------|------------------|
| Cash at bank and in hand | 806,323            | 1,530,671        |
| Less: bank overdrafts    | (2,084,091)        | (2,163,604)      |
|                          | <u>(1,277,768)</u> | <u>(632,933)</u> |

### **19. Creditors: amounts falling due within one year**

|   | 2017<br>£         | 2016<br>£         |
|---|-------------------|-------------------|
| Bank loans and overdrafts                                   | 2,084,091         | 2,163,604         |
| Trade creditors   | 1,226,444         | 3,322,966         |
| Amounts owed to group undertakings                          | 35,165,695        | 24,010,441        |
| Corporation tax   | 640,949           | -                 |
| Other taxation and social security                          | 102,658           | 96,283            |
| Obligations under finance lease and hire purchase contracts | 2,814,930         | 6,018,321         |
| Other creditors   | -                 | 1,395,014         |
| Accruals and deferred income                                | 9,416,214         | 7,528,502         |
|   | <u>51,450,981</u> | <u>44,535,131</u> |

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

## SUTTONS INTERNATIONAL LIMITED

### Notes to the Financial Statements For the Year Ended 30 April 2017

#### 20. Creditors: amounts falling due after more than one year

|  | 2017<br>£         | 2016<br>£        |
|--|-------------------|------------------|
| Net obligations under finance leases and hire purchase contracts | 12,406,371        | 8,208,773        |
| Derivative financial instruments                                 | -                 | 74,770           |
|  | <u>12,406,371</u> | <u>8,283,543</u> |

#### 21. Hire purchase and finance leases

Minimum lease payments under hire purchase contracts fall due as follows:

|                   | 2017<br>£         | 2016<br>£         |
|-------------------|-------------------|-------------------|
| Within one year   | 2,814,930         | 6,018,321         |
| Between 2-5 years | 11,436,488        | 8,208,773         |
| Over 5 years      | 969,883           | -                 |
|                   | <u>15,221,301</u> | <u>14,227,094</u> |

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The finance lease and hire purchase obligations are secured on the assets concerned.

#### 22. Deferred tax

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

|                                       | 2017<br>£          |
|---------------------------------------|--------------------|
| At beginning of year                  | (3,855,808)        |
| Charged to profit or loss             | 215,907            |
| Adjustments in respect of prior years | 154,709            |
| At end of year                        | <u>(3,485,192)</u> |

## SUTTONS INTERNATIONAL LIMITED

### Notes to the Financial Statements For the Year Ended 30 April 2017

#### 22. Deferred tax (continued)

The provision for deferred tax is made up as follows:

|   | 2017<br>£          | 2016<br>£          |
|---|--------------------|--------------------|
| Fixed asset timing differences          | (3,642,565)        | (3,855,808)        |
| Short term timing differences - trading | 157,373            | -                  |
|   | <u>(3,485,192)</u> | <u>(3,855,808)</u> |

The deferred tax liability set out above is expected to reverse within 2 years and relates to accelerated capital allowances that are expected to mature within the same period.

#### 23. Called up share capital

|   | 2017<br>£      | 2016<br>£      |
|---|----------------|----------------|
| <b>Shares classified as equity</b>                            |                |                |
| <b>Allotted, called up and fully paid</b>                     |                |                |
| 500,000 (2016: 500,000) Ordinary shares of £1 (2016: £1) each | <u>500,000</u> | <u>500,000</u> |

#### 24. Financial commitments, guarantees and contingent liabilities

The Bank holds an unlimited multilateral company guarantee between the following:

Thomas Cradley Holdings Limited, Cradley Leasing Limited, Cradley International Leasing Limited, Suttons Transport Group Limited, Sutton and Son (St. Helens) Limited, Suttons International Limited, Suttons Tankers Limited (formerly Imperial Tankers Limited) and Project Properties Limited.

At 30 April 2017 the maximum potential liability was £10,476,107 (2016: £14,425,520).

A different provider of hire purchase finance also holds a blanket cross company guarantee between the following:

Thomas Cradley Holdings Limited, Cradley Leasing Limited, Cradley International Leasing Limited, Suttons Transport Group Limited, Sutton and Son (St. Helens) Limited, Suttons International Limited and Project Properties Limited.

As at 30 April 2017 the maximum potential liability was £1,563,020 (2016: £307,587).

#### 25. Capital commitments

At 30 April 2017 the company had capital commitments as follows:

|                    | 2017<br>£        | 2016<br>£      |
|--------------------|------------------|----------------|
| Acquisition of PPE | <u>8,745,062</u> | <u>774,914</u> |

## **SUTTONS INTERNATIONAL LIMITED**

### **Notes to the Financial Statements For the Year Ended 30 April 2017**

#### **26. Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £96,857 (2016: £64,520).

#### **27. Related party transactions**

The value of transactions between the company and its associates was £925,000 during the year. The balance outstanding at year end was a creditor of £187,000.

Other than the above disclosed related party transactions, the company is exempt from disclosing related party transactions with other companies that are wholly owned entities within the group and, under FRS 102, is exempt from disclosing the compensation of key management personnel. There are no other related party transactions requiring disclosure.

#### **28. Controlling party**

The parent company is Suttons Transport Group Limited. The ultimate parent company is Thomas Cradley Holdings Limited, a company registered in England and Wales.

Thomas Cradley Holdings Limited prepare consolidated financial statements, and is the largest and smallest undertaking to do so, and copies can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The company is ultimately wholly owned by Thomas Cradley Holdings Limited, which itself is owned by a series of trusts, with no single trust having a controlling interest. Members of the Sutton and Broadhurst families have beneficial interests through the trusts but no one family member has a controlling interest.