

Registered number: 00914137

SUTTONS INTERNATIONAL LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**



SUTTONS INTERNATIONAL LIMITED

CONTENTS

	Page(s)
Company Information	1
Strategic Report	2 - 3
Directors' Report	4 - 5
Independent Auditors' Report to the Members of Suttons International Limited	6 - 7
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 - 29

SUTTONS INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	K. Broom I. Daines J. M. Sutton B. McNally (appointed 16 January 2017)
Company secretary	N Wignall Jennings
Registered number	00914137
Registered office	Gorsey Lane Widnes Cheshire WA8 0GG
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Hardman Square Manchester M3 3EB
Bankers	HSBC Bank plc Liverpool Merseyside L2 6PG

SUTTONS INTERNATIONAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2018

The directors present their Strategic report and financial statements of Suttons International Limited (the "company") for the year ended 30 April 2018.

Review of the business and financial key performance indicators

The Company saw some improvement in underlying market conditions towards the end of the year. The business continued to drive investment in the International division's management team, which began to deliver improved performance during the year. This stronger team started to implement the key elements 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 fleet of iso-tanks. An additional 820 iso-tanks were delivered during the year and a further 1,660 have been ordered for delivery over the next 18 months.

Overall the Company invested a total of £8.3m 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 increased from £26.0m in 2017 to £35.0m in 2018 due to new business wins and a general improvement in business performance.

The operating profit decreased by £1.2m to £2.6m over the previous year. EBITDA (earnings before interest, tax, depreciation and amortisation), which equates more closely to cash generated by the operations of the Company, decreased by £1.9m to £6.7m.

The net assets of the company increased £1.3m to £23.6m during the year.

Principal risks and uncertainties

The Directors continue to be of the opinion that there are no perceived areas of risk or uncertainty that will have a significant impact on the future profitability of the Company.

Brexit has brought its challenges, mainly with the falling exchange rates, but the Directors continue to operate a robust foreign exchange hedging policy, thereby removing any major currency risks. The key risks faced by the company are foreign exchange and financial risks.

Foreign exchange risk

The Company continues to trade in foreign currencies, utilising a mix of forward contracts and other instruments in order to always protect its margin from any significant foreign exchange fluctuations.

Financial risks

Financial risks are managed through strict internal management controls, along with accurate and timely management information and KPI reporting.

Financial key performance indicators

The key KPIs are margins and working capital levels. Gross profit has remained healthy at 26% (2016: 45%) whilst the balance sheet shows a net current liability position of £7.5m (2016: £4.9m). The company continues to operate within available bank facilities.

SUTTONS INTERNATIONAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2018**

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



K. Broom
Director

Date: 22/11/2018

SUTTONS INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2018

The directors present their annual report and the audited financial statements of Suttons International Limited (the "company") for the year ended 30 April 2018.

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 £1,332,145 (2017: £4,918,855).

No interim dividends were paid. The directors do not recommend payment of a final dividend (2017: £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

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 increased by £2,577,454 to £7,510,899 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.

Qualifying third party indemnity provisions

The Company has Directors and Officers Liability insurance in place, throughout the year ended 30 April 2018 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.

SUTTONS INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2018

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 the 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 United Kingdom 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Disclosure of information to auditors

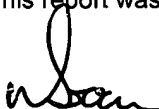
In the case of each director in office at the date the Directors' Report is approved:

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

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

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



K. Broom
Director

Date: 22/11/2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUTTONS INTERNATIONAL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Suttons International Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its profit for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 April 2018; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

SUTTONS INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUTTONS INTERNATIONAL LIMITED (CONTINUED)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 April 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

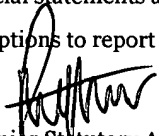
Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.


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

Date: 22 November 2018

SUTTONS INTERNATIONAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2018**

	Note	2018 £	As restated 2017 £
Turnover	4	35,028,550	25,983,053
Cost of sales		(25,957,255)	(14,390,596)
Gross profit		9,071,295	11,592,457
Administrative expenses		(6,692,806)	(7,880,199)
Other operating income	5	176,942	15,981
Operating profit	6	2,555,431	3,728,239
Interest receivable and similar income	10	35,526	2,347,401
Interest payable and similar expenses	11	(563,724)	(507,261)
Profit before taxation		2,027,233	5,568,379
Tax on profit	12	(695,088)	(649,524)
Profit for the financial year		1,332,145	4,918,855
Total comprehensive income for the financial year		1,332,145	4,918,855

The notes on pages 11 to 29 form part of these financial statements.

Further information can be found on the prior year adjustments in Note 2.4.

SUTTONS INTERNATIONAL LIMITED
REGISTERED NUMBER: 00914137

BALANCE SHEET
AS AT 30 APRIL 2018

	Note	2018 £	As restated 2017 £
Fixed assets			
Intangible assets	13	291,600	220,324
Tangible assets	14	45,811,960	41,901,805
Investments	15	635,221	1,010,165
		<u>46,738,781</u>	<u>43,132,294</u>
Current assets			
Stocks	16	9,605	9,606
Debtors	17	49,452,219	40,266,730
Cash at bank and in hand	18	4,103,783	806,323
		<u>53,565,607</u>	<u>41,082,659</u>
Creditors: amounts falling due within one year	19	(61,076,506)	(46,016,104)
Net current liabilities		<u>(7,510,899)</u>	<u>(4,933,445)</u>
Total assets less current liabilities		<u>39,227,882</u>	<u>38,198,849</u>
Creditors: amounts falling due after more than one year	20	(11,824,699)	(12,406,371)
Provisions for liabilities			
Deferred taxation	22	(3,763,752)	(3,485,192)
Net assets		<u>23,639,431</u>	<u>22,307,286</u>
Capital and reserves			
Called up share capital	23	500,000	500,000
Profit and loss account		23,139,431	21,807,286
Total shareholders' funds		<u>23,639,431</u>	<u>22,307,286</u>

Further information can be found on the prior year adjustments in Note 2.4.

The financial statements on pages 8 to 29 were approved and authorised for issue by the board and were signed on its behalf by:


K. Broom
 Director

Date: 22/11/2018

The notes on pages 11 to 29 form part of these financial statements.

SUTTONS INTERNATIONAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2018**

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
At 1 May 2016 (as previously stated)	500,000	18,212,446	18,712,446
Prior year adjustment	-	(1,324,015)	(1,324,015)
At 1 May 2016 (as restated)	500,000	16,888,431	17,388,431
Comprehensive income for the financial year			
Profit for the financial year	-	4,918,855	4,918,855
Total comprehensive income for the financial year	-	4,918,855	4,918,855
At 30 April 2017 and 1 May 2017	500,000	23,230,978	23,730,978
Prior year adjustment	-	(1,423,692)	(1,423,692)
At 30 April 2017 and 1 May 2017 (as restated)	500,000	21,807,286	22,307,286
Comprehensive income for the financial year			
Profit for the financial year	-	1,332,145	1,332,145
Total comprehensive income for the financial year	-	1,332,145	1,332,145
At 30 April 2018	500,000	23,139,431	23,639,431

Further information can be found on the prior year adjustments in Note 2.4.

SUTTONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

1. General information

Suttons International Limited (the "company") is a private limited company by shares 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 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 judgement 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 2018 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.

SUTTONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

2. Accounting policies (continued)

2.4 Prior year adjustment

The results for 2016 have been restated to correct the adjustment previously made in 2016 in relation to prior year earnings in China. The impact of the restatement on the year ended 30 April 2016 was to decrease opening reserves at 1 May 2016 by £1.324m from £18.212m to £16.888m.

In addition, the 2017 results have been restated to take account of adjustments made in that year related to earnings in China.

The impact of the restatement on the year ended 30 April 2017 results is as follows:

- The profit for the financial year decreased from £5.019m to £4.919m
- The net assets of the company decreased from £23.731m to £22.307m
- The net current liabilities increased from £3.510m to £4.933m

2.5 Going concern

The net current liabilities of the business have reduced by £2,577,454, to £7,510,899 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.

2.6 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.

2.7 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.

SUTTONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

2. Accounting policies (continued)

2.8 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
-------------------------	---	--

2.9 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant and machinery	- 10-33% per annum straight line basis
Vehicles, tanks and containers	- 20% per annum straight line basis and 5.6%-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.

2.10 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 CGUs) 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.

SUTTONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

2. Accounting policies (continued)

2.11 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

SUTTONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

2. Accounting policies (continued)

2.15 Financial instruments (continued)

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.

2.16 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.

2.17 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.

2.18 Operating leases

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

2.19 Leased assets

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.

2.20 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.

2.21 Interest income

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

2.22 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 2018

2. Accounting policies (continued)

2.23 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.

2.24 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.

2.25 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 2018

2. Accounting policies (continued)

2.26 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.

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.

4. Turnover

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

	2018 £	2017 £
Shipping and forwarding agents	35,028,550	25,983,053

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	21,842,044	14,924,413
Rest of Europe	3,374,568	394,384
Rest of the World	9,811,938	10,664,256
	35,028,550	25,983,053

SUTTONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

5. Other operating income

	2018 £	2017 £
Other operating income	<u>176,942</u>	<u>15,981</u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible assets	1,201,782	982,403
Depreciation of tangible assets held under finance leases	2,875,564	2,750,921
Loss on disposal of tangible assets	114,426	117,721
Amortisation of intangible assets	69,119	55,081
Exchange differences	(125,524)	1,461,566
Operating lease rentals	25,226	290,316
Bad debts and other provisions	<u>15,413</u>	<u>30,902</u>

7. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditors' for the audit of the Company's annual financial statements	<u>165,933</u>	<u>25,000</u>

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

SUTTONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

8. Employees

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

	2018 £	2017 £
Wages and salaries	2,284,230	1,885,270
Social security costs	247,727	182,000
Other pension costs	117,251	96,857
	<u>2,649,208</u>	<u>2,164,127</u>

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

	2018 Number	2017 Number
Forwarding and freight	<u>43</u>	<u>47</u>

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.

	2018 £	2017 £
Aggregate directors' emoluments	451,611	270,514
Company contributions to defined contribution pension schemes	40,867	22,536
	<u>492,478</u>	<u>293,050</u>

During the year retirement benefits were accruing to 2 directors (2017: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £325,675 (2017: £183,324).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £32,805 (2017: £19,136).

SUTTONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

10. Interest receivable and similar income

	2018 £	2017 £
Dividends received	31,212	2,347,399
Interest on bank deposits	4,314	2
	<u>35,526</u>	<u>2,347,401</u>

The dividend received amount from group companies includes £Nil (2017: £941,000) from Suttons International SARL, £Nil (2017: £24,000) from Suttons International (Japan) KK and £Nil (2017: £1,357,000) from Suttons International Freight Forwarding (Shanghai) Limited.

11. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	34,144	61,892
Finance leases and hire purchase contracts	529,580	445,369
	<u>563,724</u>	<u>507,261</u>

12. Tax on profit

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	175,509	865,895
Adjustments in respect of prior years	241,019	154,245
Total current tax	<u>416,528</u>	<u>1,020,140</u>
Deferred tax		
Origination and reversal of timing differences	176,932	(12,057)
Changes to tax rates	(18,624)	(203,850)
Adjustments in respect of prior years	120,252	(154,709)
Total deferred tax	<u>278,560</u>	<u>(370,616)</u>
Tax on profit	<u>695,088</u>	<u>649,524</u>

SUTTONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

12. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.92%). The differences are explained below:

	2018 £	2017 £
Profit before taxation	<u>2,027,233</u>	<u>5,568,379</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.92 %)	385,174	1,129,076
Effects of:		
Expenses not deductible for tax purposes	1,727	192,313
Income not taxable	(34,459)	(467,550)
Adjustments in respect of prior years	361,271	(464)
Tax rate changes	(18,625)	(203,851)
Total tax charge for the year	<u>695,088</u>	<u>649,524</u>

Factors that may affect future tax charges

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

SUTTONS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

13. Intangible assets

	Development expenditure £
Cost	
At 1 May 2017	275,405
Additions	140,395
At 30 April 2018	<u>415,800</u>
Accumulated amortisation	
At 1 May 2017	55,081
Charge for the year	69,119
At 30 April 2018	<u>124,200</u>
Net book value	
At 30 April 2018	<u>291,600</u>
At 30 April 2017	<u>220,324</u>

SUTTONS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

14. Tangible assets

	Plant and Equipment £	Fixtures and fittings £	Vehicles, Tanks & Containers £	Total £
Cost				
At 1 May 2017	1,931,762	370,976	74,847,887	77,150,625
Additions	61,055	2,781	8,226,716	8,290,552
Disposals	-	-	(1,322,568)	(1,322,568)
At 30 April 2018	<u>1,992,817</u>	<u>373,757</u>	<u>81,752,035</u>	<u>84,118,609</u>
Accumulated depreciation				
At 1 May 2017	1,295,755	160,870	33,792,195	35,248,820
Charge for the year	176,225	4,613	3,896,508	4,077,346
Disposals	-	-	(1,019,517)	(1,019,517)
At 30 April 2018	<u>1,471,980</u>	<u>165,483</u>	<u>36,669,186</u>	<u>38,306,649</u>
Net book value				
At 30 April 2018	<u>520,837</u>	<u>208,274</u>	<u>45,082,849</u>	<u>45,811,960</u>
At 30 April 2017	<u>636,007</u>	<u>210,106</u>	<u>41,055,692</u>	<u>41,901,805</u>

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

	2018 £	2017 £
Vehicles, tanks and containers	<u>32,158,350</u>	<u>32,524,937</u>
Depreciation charge in respect of leased assets	<u>2,875,564</u>	<u>2,750,921</u>

SUTTONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

15. Investments

	Investments in subsidiary companies £	Investment in associates and joint ventures £	Total £
Cost			
At 1 May 2017	836,152	174,013	1,010,165
Disposals	(374,944)	-	(374,944)
At 30 April 2018	461,208	174,013	635,221
Net book value			
At 30 April 2018	461,208	174,013	635,221
At 30 April 2017	836,152	174,013	1,010,165

The balance between Suttons International Limited and Suttons Arabia Company was a liability of £35,782k 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 2018

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

	2018	2017
	£	£
Raw materials and consumables	9,605	9,606

SUTTONS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

17. Debtors

	2018 £	As restated 2017 £
Trade debtors	6,554,782	4,879,954
Amounts owed by group undertakings	41,275,693	33,954,081
Other debtors	1,100,834	922,330
Prepayments and accrued income	520,910	510,365
	<u>49,452,219</u>	<u>40,266,730</u>

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

18. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	4,103,783	806,323
Less: bank overdrafts	(2,552,127)	(2,084,091)
	<u>1,551,656</u>	<u>(1,277,768)</u>

19. Creditors: amounts falling due within one year

	2018 £	As restated 2017 £
Bank loans and overdrafts	2,552,127	2,084,091
Trade creditors	3,490,857	1,226,444
Amounts owed to group undertakings	38,269,090	29,730,818
Corporation tax	300,306	640,949
Other taxation and social security	106,252	102,658
Obligations under finance lease and hire purchase contracts	6,686,766	2,814,930
Accruals and deferred income	9,671,108	9,416,214
	<u>61,076,506</u>	<u>46,016,104</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 2018

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

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	<u>11,824,699</u>	<u>12,406,371</u>

21. Hire purchase and finance leases

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

	2018 £	2017 £
Within one year	6,686,766	2,814,930
Between 1-5 years	11,754,404	11,436,488
Over 5 years	70,295	969,883
	<u>18,511,465</u>	<u>15,221,301</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 taxation

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:

	2018 £
At beginning of year	3,485,192
Charged to profit or loss	158,308
Adjustments in respect of prior years	120,252
At end of year	<u><u>3,763,752</u></u>

SUTTONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

22. Deferred taxation (continued)

The provision for deferred tax is made up as follows:

	2018 £	2017 £
Fixed asset timing differences	3,904,535	3,642,565
Short term timing differences - trading	(167,979)	(157,373)
Short term timing differences - non trading	27,196	-
	<u>3,763,752</u>	<u>3,485,192</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

	2018 £	2017 £
Shares classified as equity		
Allotted, called up and fully paid		
500,000 (2017: 500,000) Ordinary shares of £1 (2017: £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 2018 the maximum potential liability was £21,047,411 (2017: £10,476,107).

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 2018 the maximum potential liability was £2,992,178 (2017: £1,563,020).

SUTTONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

25. Capital commitments

At 30 April 2018 the company had capital commitments as follows:

	2018 £	2017 £
Acquisition of PPE	<u>4,700,959</u>	<u>8,745,062</u>

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 £117,251 (2017: £96,857).

27. Related party transactions

The value of transactions between the company and its associates was £596,551 (2017: £925,000) during the year. The balance outstanding at year end was a creditor of £35,782 (2017: £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 immediate parent company is Sutton and 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.