

COMPANY REGISTRATION NUMBER 987280

DENHOLM COATES & CO. LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2015

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DENHOLM COATES & CO. LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

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DENHOLM COATES & CO. LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Directors

D G Brown
J S Denholm
M Revill

Secretary

G A Hanson

Registered office

6th Floor Union Building
78 Cornhill
London
EC3V 3QQ

Independent auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow
United Kingdom

DENHOLM COATES & CO. LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2015

The directors submit their report and the financial statements of the company for the year ended 31 December 2015

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. In addition, as a result of taking this exemption, no strategic report has been prepared

Principal activities

The principal activity of the company is that of shipbroking

Results and dividends

The loss for the year after taxation was £107,336 (2014 - loss of £35,848)

The directors do not recommend a dividend for year ended 31 December 2015 (2014 - £Nil)

Directors

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

Employment policies

The company's employment policies are built around Fairness, Achievement, Integrity and Respect, as set out in the Denholm standard for employment

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements are required by law to 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 year.

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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors, having considered the company's forecasts, cash resources, and group facilities, have concluded that the company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the Annual Report and financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DENHOLM COATES & CO. LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2015

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Each of the directors have taken such steps as they should have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the Board on 31 May 2016



G A HANSON
Company Secretary

DENHOLM COATES & CO. LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM
COATES & CO. LIMITED
YEAR ENDED 31 DECEMBER 2015

We have audited the financial statements of Denholm Coates & Co Limited, company registration number 987280, for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

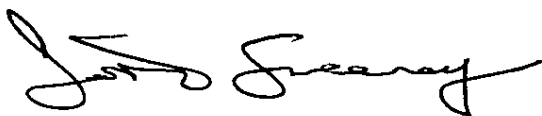
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

DENHOLM COATES & CO. LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM
COATES & CO. LIMITED (*continued*)
YEAR ENDED 31 DECEMBER 2015

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report



David Sweeney CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow
United Kingdom

1/6/16

DENHOLM COATES & CO. LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
TURNOVER	2	241,125	392,020
Administrative expenses		(404,896)	(436,267)
Other operating expenses	3	(403)	(794)
OPERATING LOSS	4	(164,174)	(45,041)
Income from fixed asset investments	7	22,450	2,150
Interest receivable and similar income	8	1,908	190
Interest payable and similar charges	9	(103)	(2,021)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(139,919)	(44,722)
Tax on loss on ordinary activities	10	32,583	8,874
LOSS FOR THE FINANCIAL YEAR		(107,336)	(35,848)

All of the activities of the company are classed as continuing

Statement of other comprehensive income

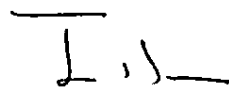
There are no items of other comprehensive income other than the loss of £107,336 attributable to the shareholders for the year ended 31 December 2015 (2014 - loss of £35,848) Accordingly, a statement of other comprehensive income is not presented

The notes on pages 9 to 15 form part of these financial statements

DENHOLM COATES & CO. LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Investments	11	<u>330</u>	<u>330</u>
CURRENT ASSETS			
Debtors due within one year	12	53,383	56,318
Cash at bank and in hand		14,019	9,701
Cash held on behalf of clients		<u>2,860</u>	<u>70,029</u>
		70,262	136,048
CREDITORS Amounts falling due within one year	13	<u>(32,399)</u>	<u>(90,849)</u>
NET CURRENT ASSETS		<u>37,863</u>	<u>45,199</u>
NET ASSETS		<u>38,193</u>	<u>45,529</u>
CAPITAL AND RESERVES			
Called-up share capital	16	200,000	100,000
Profit and loss account		<u>(161,807)</u>	<u>(54,471)</u>
SHAREHOLDERS' FUNDS		<u>38,193</u>	<u>45,529</u>

These financial statements were approved by the Board on 31 May 2016


J S DENHOLM
Director

The notes on pages 9 to 15 form part of these financial statements

DENHOLM COATES & CO. LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2015

	Note	Called up Share capital £	Profit and loss account £	Total £
As at 31 December 2013, as previously stated		100,000	(18,623)	81,377
Adjustments in respect of transition to FRS 102	19	-	-	-
At 1 January 2014		100,000	(18,623)	81,377
Loss for the financial year		-	(35,848)	(35,848)
At 31 December 2014		100,000	(54,471)	45,529
Loss for the financial year		-	(107,336)	(107,336)
Issue of share capital during the year	16	100,000	-	100,000
At 31 December 2015		200,000	(161,807)	38,193

The notes on pages 9 to 15 form part of these financial statements

DENHOLM COATES & CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

1 ACCOUNTING POLICIES

Basis of accounting

Denholm Coates & Co Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1 and its principal activities are set out in the directors' report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. They have been prepared on the going concern basis as explained in the Directors' Report.

These financial statements have been prepared under FRS 102 for the first time. There have been no adjustments in the current or prior year arising from the transition to the new accounting standard.

The functional and presentational currency of Denholm Coates & Co Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 102, Section 1 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent company includes the company in its consolidated financial statements.

Turnover

The turnover shown in the profit and loss account represents amounts earned during the year and is stated net of Value Added Tax. Turnover represents the fair value of consideration received or receivable from the supply of shipbroking services. In all cases, it is recognised in accordance with the contractual arrangements.

Pension costs

Pension contributions arising in respect of the defined contribution scheme are charged to the profit and loss account as incurred.

Taxation

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

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

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

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

DENHOLM COATES & CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

1 ACCOUNTING POLICIES (*continued*)

Foreign currencies

Transactions in currencies other than the functional currency are recognised at the rate of exchange at the date of the transaction, or at an average rate where this rate approximates the actual rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates prevailing at that date. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences arising from trading are included as an exchange gain or loss in the profit and loss account.

Investments

Unlisted fixed asset investments are shown at cost less provision for impairment as assessed by the directors.

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

The directors have taken advantage of the exemption in Financial Reporting Standard 102, Section 1 from including a detailed financial instruments note on the grounds that the company is a qualifying entity and detailed information on the financial instruments are included in the consolidated financial statements of the ultimate parent.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Debt instruments that are classified as payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when the contractual rights to the cash flows from the financial asset expire or are settled.

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

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Critical accounting judgements and key sources of estimation uncertainty

Due to the nature of the business, the directors are of the opinion that there are no significant critical accounting judgements or key sources of estimation uncertainty.

DENHOLM COATES & CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

2 TURNOVER

Turnover, stated exclusive of Value Added Tax, is derived from one continuing activity and represents amounts earned for shipbroking and ship management services

	2015 £	2014 £
Commissions	204,910	358,426
Rendering of services	36,215	33,594
	<u>241,125</u>	<u>392,020</u>

3 OTHER OPERATING EXPENSES

	2015 £	2014 £
Loss on foreign exchange	403	794
	<u>403</u>	<u>794</u>

4 OPERATING LOSS

Operating loss is stated after charging

	2015 £	2014 £
Auditor's remuneration - audit fees	4,485	4,000
	<u>4,485</u>	<u>4,000</u>

5 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2015 Number	2014 Number
Ship brokerage	3	3
	<u>3</u>	<u>3</u>

The aggregate payroll costs of the above were

	2015 £	2014 £
Wages and salaries	216,250	236,270
Social security costs	26,991	30,719
Other pension costs (note 14)	32,683	31,680
	<u>275,924</u>	<u>298,669</u>

DENHOLM COATES & CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

6 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2015	2014
	£	£
Aggregate remuneration	197,510	194,786
Company pension contributions to money purchase schemes	24,531	23,594
	<u>222,041</u>	<u>218,380</u>

Remuneration of highest paid director

	2015	2014
	£	£
Total remuneration (excluding pension contributions)	100,630	99,268
Company pension contributions to money purchase schemes	12,500	12,344
	<u>113,130</u>	<u>111,612</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2015	2014
	Number	Number
Money purchase schemes	<u>2</u>	<u>2</u>

One of the company's directors was paid by other group companies during the year and in the prior year. The emoluments of this director are shown in the financial statements of other group companies and it is not practical to make an apportionment of remuneration in respect of services provided to this company.

7 INCOME FROM FIXED ASSET INVESTMENTS

	2015	2014
	£	£
Income from fixed asset investments	<u>22,450</u>	<u>2,150</u>

8 INTEREST RECEIVABLE AND SIMILAR INCOME

	2015	2014
	£	£
Interest receivable on amounts due from group undertakings	1,879	144
Bank interest receivable	29	46
	<u>1,908</u>	<u>190</u>

DENHOLM COATES & CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

9 INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Interest payable on amounts due to group undertakings	<u>103</u>	<u>2,021</u>

10 TAXATION ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of credit in the year

	2015	2014
	£	£
Current tax		
UK Corporation tax based on the results for the year	32,424	8,874
Under provision in prior year	159	-
Total current tax	<u>32,583</u>	<u>8,874</u>

(b) Factors affecting current tax credit for the year

The tax credit on the loss on ordinary activities for the year is higher (2014 lower) than the standard rate of corporation tax in the UK of 20.25% (2014 21.5%). The differences are reconciled below

	2015	2014
	£	£
Loss on ordinary activities before tax	<u>139,919</u>	<u>44,722</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 21.5%)	28,334	9,615
Expenses not deductible for tax purposes	(501)	(1,261)
Dividend income received not taxable	4,546	462
Deferred tax over provided	-	58
Adjustments in respect of prior periods	159	-
Sundry tax adjustments	45	-
Total tax credit	<u>32,583</u>	<u>8,874</u>

DENHOLM COATES & CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

11 INVESTMENTS

	Unlisted investments £
Cost and Net Book Value At 1 January 2015 and 31 December 2015	<u><u>330</u></u>

12 DEBTORS

	2015 £	2014 £
Amounts falling due within one year		
Amounts owed by group undertakings	1,902	21,921
Trade debtors	11,704	11,983
Group relief receivable	32,424	8,874
Other debtors	2,013	5,623
Prepayments and accrued income	5,340	7,917
	<u><u>53,383</u></u>	<u><u>56,318</u></u>

In 2014, amounts owed by group undertakings included a loan to the immediate parent company which bore interest at a rate of 4% and was repayable on demand

The financial assets above are recorded at transaction price

The debt instruments above were recorded at the undiscounted amount recoverable

13 CREDITORS Amounts falling due within one year

	2015 £	2014 £
Trade creditors	-	745
Other creditors	2,860	70,029
Accruals and deferred income	6,465	14,270
Amounts owed to group undertakings	23,074	5,805
	<u><u>32,399</u></u>	<u><u>90,849</u></u>

At 31 December 2015, £2,860 (2014 - £70,029) was held in bank accounts on behalf of clients. An equal amount is included in other creditors.

Amounts owed to group undertakings includes a loan from the immediate parent company which bears interest at a rate of 4% and is repayable on demand.

The financial liabilities above are recorded at transaction price.

The debt instruments above are recorded at the undiscounted amount payable.

DENHOLM COATES & CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

14 PENSIONS

The company contributes to a defined contribution scheme for which the pension charge in the year amounted to £32,683 (2014 - £31,680)

15 RELATED PARTY TRANSACTIONS

Transactions with entities in which the J & J Denholm Limited group of companies has 100% of the voting rights are not disclosed as permitted by Section 33 1A of FRS 102. In addition, advantage has been taken under Section 112 of FRS 102 from disclosing total remuneration of key management personnel, as the Company is a wholly owned subsidiary of J & J Denholm Ltd

16 SHARE CAPITAL

Allotted, called up and fully paid

	2015		2014	
	Number	£	Number	£
Ordinary Shares of £1 each	200,000	200,000	100,000	100,000

During the year the Company's immediate parent undertaking subscribed for a further 100,000 ordinary shares of £1 each

17 POST BALANCE SHEET EVENT

In January 2016, the immediate parent undertaking subscribed for 100,000 ordinary shares of £1 each in the Company and these shares were fully paid up

18 ULTIMATE PARENT COMPANY

The immediate parent undertaking is Denholm Shipping Company Limited, a Company registered in England. The ultimate parent undertaking is J & J Denholm Limited. Copies of the financial statements of J & J Denholm Limited, the largest and smallest group undertaking which consolidate the financial statements of the company may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ

19 TRANSITION TO FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. No adjustments have arisen on the transition to FRS 102.