

COMPANY REGISTRATION NUMBER 987280

DENHOLM COATES & CO. LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2016

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DENHOLM COATES & CO. LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

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DENHOLM COATES & CO. LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Directors

D G Brown
J S Denholm (Resigned 1 June 2016)
B D R MacLehose (Appointed 1 June 2016)
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 2016

The directors submit their report and the financial statements of the company for the year ended 31 December 2016.

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 profit for the year after taxation was £72,342 (2015 - loss of £107,336).

The directors do not recommend a dividend for year ended 31 December 2016 (2015 - £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; 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, 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 2016

Directors' responsibilities statement *(continued)*

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 10 May 2017.



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 2016

We have audited the financial statements of Denholm Coates & Co. Limited, company registration number 987280, for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

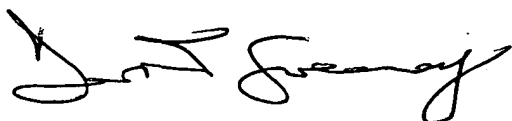
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

DENHOLM COATES & CO. LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM
COATES & CO. LIMITED (*continued*)
YEAR ENDED 31 DECEMBER 2016

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 the requirement to prepare 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

12/5/17

DENHOLM COATES & CO. LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
TURNOVER	2	299,961	241,125
Administrative expenses		(401,314)	(404,896)
Other operating income/(expenses)	3	8,275	(403)
OPERATING LOSS	4	(93,078)	(164,174)
Gain on disposal of fixed asset investments	8	160,080	-
Income from fixed asset investments	7	19,750	22,450
Interest receivable and similar income	9	659	1,908
Interest payable and similar charges	10	(835)	(103)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		86,576	(139,919)
Tax on profit/(loss) on ordinary activities	11	(14,234)	32,583
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		72,342	(107,336)

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 profit of £72,342 attributable to the shareholders for the year ended 31 December 2016 (2015 - loss of £107,336). 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
31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Investments	12	-	330
CURRENT ASSETS			
Debtors due within one year	13	230,910	53,383
Cash at bank and in hand		14,798	14,019
Cash held on behalf of clients		262,743	2,860
		<u>508,451</u>	<u>70,262</u>
CREDITORS: Amounts falling due within one year	14	(297,916)	(32,399)
NET CURRENT ASSETS		<u>210,535</u>	<u>37,863</u>
NET ASSETS		<u>210,535</u>	<u>38,193</u>
CAPITAL AND RESERVES			
Called-up share capital	17	300,000	200,000
Profit and loss account		(89,465)	(161,807)
SHAREHOLDERS' FUNDS		<u>210,535</u>	<u>38,193</u>

These financial statements were approved by the Board on 10 May 2017.



B D R MACLEHOSE
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 2016

	Note	Called up Share capital £	Profit and loss account £	Total £
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		100,000	-	100,000
At 31 December 2015		200,000	(161,807)	38,193
Profit for the financial year		-	72,342	72,342
Issue of share capital during the year	17	100,000	-	100,000
At 31 December 2016		300,000	(89,465)	210,535

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 2016

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.

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.

Investments

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

DENHOLM COATES & CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

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.

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.

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 2016

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.

	2016 £	2015 £
Commissions	191,973	204,910
Rendering of services	107,988	36,215
	<u>299,961</u>	<u>241,125</u>

3. **OTHER OPERATING INCOME/(EXPENSES)**

	2016 £	2015 £
Gain/(loss) on foreign exchange	8,275	(403)
	<u>8,275</u>	<u>(403)</u>

4. **OPERATING LOSS**

Operating loss is stated after charging:

	2016 £	2015 £
Auditor's remuneration - audit fees	4,116	4,485
	<u>4,116</u>	<u>4,485</u>

5. **PARTICULARS OF EMPLOYEES**

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

	2016 Number	2015 Number
Ship brokerage	3	3
	<u>3</u>	<u>3</u>

The aggregate payroll costs of the above were:

	2016 £	2015 £
Wages and salaries	216,609	216,250
Social security costs	26,832	26,991
Other pension costs (note 15)	25,368	32,683
	<u>268,809</u>	<u>275,924</u>

DENHOLM COATES & CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2016	2015
	£	£
Aggregate remuneration	203,335	197,510
Company pension contributions to money purchase schemes	24,725	24,531
	<u>228,060</u>	<u>222,041</u>

Remuneration of highest paid director:

	2016	2015
	£	£
Total remuneration (excluding pension contributions)	102,617	100,630
Company pension contributions to money purchase schemes	12,206	12,500
	<u>114,823</u>	<u>113,130</u>

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

	2016	2015
	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

	2016	2015
	£	£
Income from fixed asset investments	<u>19,750</u>	<u>22,450</u>

8. GAIN ON DISPOSAL OF FIXED ASSET INVESTMENTS

	2016	2015
	£	£
Gain on disposal of fixed asset investments	<u>160,080</u>	<u>-</u>

During the year the company sold its investment in the Baltic Exchange Limited to Singapore Exchange Limited, resulting in a gain on sale of £160,080 being recorded.

DENHOLM COATES & CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£	£
Interest receivable on amounts due from group undertakings	645	1,879
Bank interest receivable	14	29
	<u>659</u>	<u>1,908</u>

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Interest payable on amounts due to group undertakings	835	103
	<u>835</u>	<u>103</u>

11. TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(a) Analysis of (expense)/credit in the year

	2016	2015
	£	£
Current tax:		
UK Corporation tax based on the results for the year	(13,800)	32,424
(Under)/over provision in prior year	(434)	159
Total current tax	<u>(14,234)</u>	<u>32,583</u>

(b) Factors affecting current tax (expense)/credit for the year

The tax (expense)/credit on the profit/(loss) on ordinary activities for the year is lower (2015 - higher) than the standard rate of corporation tax in the UK of 20.0% (2015 - 20.25%). The differences are reconciled below:

	2016	2015
	£	£
Profit/(loss) on ordinary activities before tax	<u>86,576</u>	<u>(139,919)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.0% (2015 - 20.25%)	(17,315)	28,334
Expenses not deductible for tax purposes	(471)	(501)
Dividend income received not taxable	3,950	4,546
Adjustments in respect of prior periods	(434)	159
Sundry tax adjustments	36	45
Total tax (expense)/credit	<u>(14,234)</u>	<u>32,583</u>

DENHOLM COATES & CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

12. INVESTMENTS

	Unlisted investments £
Cost and Net Book Value	
At 1 January 2016	330
Disposals	(330)
	<hr/>
At 31 December 2016	<hr/> <hr/> -

During the year the company sold its investment in the Baltic Exchange Limited to Singapore Exchange Limited, resulting in a gain on sale of £160,080 being recorded.

13. DEBTORS

	2016 £	2015 £
Amounts falling due within one year:		
Amounts owed by group undertakings	186,990	1,902
Trade debtors	37,633	11,704
Group relief receivable	-	32,424
Other debtors	4,224	2,013
Prepayments and accrued income	2,063	5,340
	<hr/>	<hr/>
	230,910	53,383
	<hr/> <hr/>	<hr/> <hr/>

Amounts owed by group undertakings includes a loan to the immediate parent company which bears interest at a rate of 3.75% (2015 - 4%) and is repayable on demand.

The financial assets above are recorded at transaction price. The debt instruments above are recorded at the undiscounted amount recoverable.

DENHOLM COATES & CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

14. CREDITORS: Amounts falling due within one year

	2016	2015
	£	£
Other creditors	262,743	2,860
Accruals and deferred income	21,373	6,465
Amounts owed to group undertakings	-	23,074
Corporation tax	13,800	-
	<u>297,916</u>	<u>32,399</u>

At 31 December 2016, £262,743 (2015 - £2,860) was held in bank accounts on behalf of clients. An equal amount is included in other creditors.

In 2015, amounts owed to group undertakings included a loan from the immediate parent company which bore interest at a rate of 4% and was repayable on demand.

The financial liabilities above are recorded at transaction price. The debt instruments above are recorded at the undiscounted amount payable.

15. PENSIONS

The company contributes to a defined contribution scheme for which the pension charge in the year amounted to £25,368 (2015 - £32,683).

16. 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 1.12 of FRS 102 from disclosing total remuneration of key management personnel, as the company is a wholly owned subsidiary of J. & J. Denholm Ltd.

Petrasco Services Limited and Relay Engineering Limited are related parties that traded with Denholm Coates & Co. Limited during the year. Sales to Petrasco Services totalled €2,722 (2015 - £Nil) and this party owed €2,722 at the year end (2015 - £Nil). Purchases from Relay Engineering totalled £11,243 (2015 - £Nil) and this party was owed £11,243 at the year end (2015 - £Nil).

17. SHARE CAPITAL

Allotted, called up and fully paid

	2016		2015
	Number	£	Number £
Ordinary Shares of £1 each	<u>300,000</u>	<u>300,000</u>	<u>200,000 200,000</u>

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

18. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Denholm Shipping Company Limited, a company registered in England & Wales. 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.