

COMPANY REGISTRATION NUMBER 2317695

LACY & MIDDLEMISS SHIPBROKERS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2016



LACY & MIDDLEMISS SHIPBROKERS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

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LACY & MIDDLEMISS SHIPBROKERS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Directors

J N W Denholm
S B Hughes
P J Cross (Appointed 9 February 2016)

Secretary

G A Hanson

Registered office

Marlborough House
102-110 High Street
Shoreham-by-sea
West Sussex
BN43 5DB

Independent auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow
United Kingdom

LACY & MIDDLEMISS SHIPBROKERS 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 continued to be the provision of shipping services.

Results and dividends

The profit for the year after taxation was £273,704 (2015 - £242,058).

The directors declared and the company paid a dividend of £250,000 for the year ended 31 December 2016 (2015 - £400,000).

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 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 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.

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

LACY & MIDDLEMISS SHIPBROKERS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LACY &
MIDDLEMISS SHIPBROKERS LIMITED
YEAR ENDED 31 DECEMBER 2016

We have audited the financial statements of Lacy & Middlemiss Shipbrokers Limited, company registration number 2317695, 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 has been prepared in accordance with applicable legal requirements.

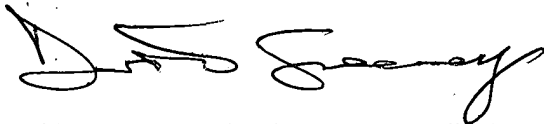
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

LACY & MIDDLEMISS SHIPBROKERS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LACY &
MIDDLEMISS SHIPBROKERS 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

LACY & MIDDLEMISS SHIPBROKERS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
TURNOVER	2	12,987,670	11,270,984
Cost of sales		(12,249,311)	(10,584,470)
GROSS PROFIT		738,359	686,514
Administrative expenses		(393,231)	(382,660)
OPERATING PROFIT	3	345,128	303,854
Interest receivable	6	2,683	3,191
Interest payable	7	(4,335)	(2,704)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		343,476	304,341
Tax on profit on ordinary activities	8	(69,772)	(62,283)
PROFIT FOR THE FINANCIAL YEAR		273,704	242,058

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 £273,704 attributable to the shareholders for the year ended 31 December 2016 (2015 - £242,058). Accordingly, a statement of other comprehensive income is not presented.

The notes on pages 8 to 16 form part of these financial statements.

LACY & MIDDLEMISS SHIPBROKERS LIMITED

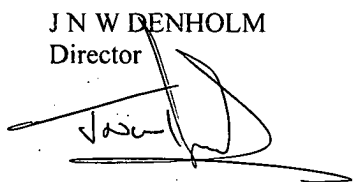
BALANCE SHEET

31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	10	<u>10,567</u>	<u>15,429</u>
CURRENT ASSETS			
Debtors due within one year	11	667,609	653,533
Cash at bank		<u>410,466</u>	<u>342,534</u>
		1,078,075	996,067
CREDITORS: Amounts falling due within one year	13	<u>(834,977)</u>	<u>(781,535)</u>
NET CURRENT ASSETS		<u>243,098</u>	<u>214,532</u>
NET ASSETS		<u>253,665</u>	<u>229,961</u>
CAPITAL AND RESERVES			
Called-up share capital	17	100,000	100,000
Other reserves		300	300
Profit and loss account		<u>153,365</u>	<u>129,661</u>
SHAREHOLDERS' FUNDS		<u>253,665</u>	<u>229,961</u>

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

J N W DENHOLM
Director



The notes on pages 8 to 16 form part of these financial statements.

LACY & MIDDLEMISS SHIPBROKERS LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2016

	Note	Called up Share capital £	Other reserves £	Profit and loss account £	Total £
At 31 December 2014		700	300	386,903	387,903
Profit for the financial year		-	-	242,058	242,058
Issue of shares		99,300	-	(99,300)	-
Dividends paid on equity shares	9	-	-	(400,000)	(400,000)
At 31 December 2015		100,000	300	129,661	229,961
Profit for the financial year		-	-	273,704	273,704
Dividends paid on equity shares	9	-	-	(250,000)	(250,000)
At 31 December 2016		100,000	300	153,365	253,665

The notes on pages 8 to 16 form part of these financial statements.

LACY & MIDDLEMISS SHIPBROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

Basis of accounting

Lacy & Middlemiss Shipbrokers 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 Lacy Middlemiss Shipbrokers 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 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 shipping services. In all cases, it is recognised in accordance with the contractual arrangements.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation, and any provision for impairment. Depreciation is calculated on a straight line basis to write off the cost less estimated residual value of tangible fixed assets over their anticipated useful lives as follows:

Plant & Machinery	- over 4 years
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Leases

Rentals in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

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.

LACY & MIDDLEMISS SHIPBROKERS 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.

Pension costs

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

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.

LACY & MIDDLEMISS SHIPBROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES *(continued)*

Critical accounting judgements 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 amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements and estimates in applying the company's accounting policies

The following are the critical judgements and estimates, that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(a) Debtor's provision

The company assesses the recoverability of its debtors and provides for specific debtors if the likelihood of recoverability is deemed to be in doubt or if the customer has defaulted.

2. TURNOVER

Turnover, stated exclusive of Value Added Tax, is derived from one continuing activity and represents amounts earned for shipping services. The split of turnover by geographical destination has not been disclosed as in the opinion of the directors, this information would be seriously prejudicial to the interests of the company.

	2016 £	2015 £
Rendering of services	<u>12,987,670</u>	<u>11,270,984</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2016 £	2015 £
Depreciation of tangible fixed assets	5,906	5,837
Auditor's fees	4,116	4,485
Foreign exchange gain	(2,859)	(497)
Operating lease costs:		
Land and buildings	<u>16,800</u>	<u>16,800</u>

LACY & MIDDLEMISS SHIPBROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

4. PARTICULARS OF EMPLOYEES

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

	2016	2015
Operations	6	5
	<u>6</u>	<u>5</u>

The aggregate payroll costs of the above were:

	2016	2015
	£	£
Wages and salaries	185,767	176,872
Social security costs	18,277	17,567
Other pension costs (note 14)	10,671	9,780
	<u>214,715</u>	<u>204,219</u>

5. DIRECTORS' REMUNERATION

No director earned remuneration from the company in the year (2015 - £Nil).

The company's directors were paid by other group companies in the prior year. The emoluments of these directors 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.

6. INTEREST RECEIVABLE

	2016	2015
	£	£
Interest receivable on amounts due from group undertakings	1,876	2,797
Bank interest receivable	807	394
	<u>2,683</u>	<u>3,191</u>

7. INTEREST PAYABLE

	2016	2015
	£	£
Interest payable on amounts due to group undertakings	4,335	2,704
	<u>4,335</u>	<u>2,704</u>

LACY & MIDDLEMISS SHIPBROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax charge in the year

	2016	2015
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	70,148	61,432
Under/(over) provision in prior year	8	(93)
Total current tax	70,156	61,339
Deferred tax:		
Origination and reversal of timing differences	(384)	944
Tax on profit on ordinary activities	69,772	62,283

(b) Factors affecting current tax charge for the year

The tax charge on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are reconciled below:

	2016	2015
	£	£
Profit on ordinary activities before tax	343,476	304,341
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015:20.25%)	68,695	61,629
Expenses not deductible for tax purposes	974	709
Adjustments in respect of prior periods	8	(92)
Sundry adjustments	95	37
Total tax expense	69,772	62,283

9. DIVIDENDS

	2016	2015
	£	£
Dividends paid £2.50 per share (2015 - £4.00)	250,000	400,000

LACY & MIDDLEMISS SHIPBROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

10. TANGIBLE FIXED ASSETS

	Plant & Machinery £
Cost	
At 1 January 2016	100,270
Additions	1,044
	<u>101,314</u>
At 31 December 2016	<u>101,314</u>
Depreciation	
At 1 January 2016	84,841
Charge for the year	5,906
	<u>90,747</u>
At 31 December 2016	<u>90,747</u>
Net Book Value	
At 31 December 2016	<u>10,567</u>
At 31 December 2015	<u>15,429</u>

11. DEBTORS: Amounts falling due within one year

	2016 £	2015 £
Trade debtors	642,498	625,581
Amounts owed by group undertakings	2,874	7,160
Prepayments and accrued income	21,318	20,257
Deferred taxation (note 12)	919	535
	<u>667,609</u>	<u>653,533</u>

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

LACY & MIDDLEMISS SHIPBROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

12. DEFERRED TAXATION

The deferred tax included in the balance sheet is as follows:

	2016	2015
	£	£
Included in debtors (note 11)	919	535
	<u>919</u>	<u>535</u>

The movement in the deferred taxation account during the year was:

	2016	2015
	£	£
Balance brought forward	535	1,479
Profit and loss account movement arising during the year (note 8)	384	(944)
	<u>919</u>	<u>535</u>
Balance carried forward	<u>919</u>	<u>535</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2016	2015
	£	£
Accounting depreciation in excess over capital allowances	919	535
	<u>919</u>	<u>535</u>

13. CREDITORS: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	289,919	256,312
Amounts owed to group undertakings	7,031	200,818
Corporation tax	70,148	61,432
Other taxation	181,202	202,968
Other creditors	286,677	60,005
	<u>834,977</u>	<u>781,535</u>

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

The amounts owed to group companies in 2015 included a loan from a group undertaking which bore interest at a fixed rate of 4% and was repayable on demand.

14. PENSIONS

The company contributes to a defined contribution scheme for which the pension charge in the year amounted to £10,671 (2015 - £9,780).

LACY & MIDDLEMISS SHIPBROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the future minimum lease payments under non-cancellable operating leases were as follows.

	Land and buildings	
	2016	2015
	£	£
Operating lease payments due:		
Within 1 year	4,200	4,200

16. RELATED PARTY TRANSACTIONS

	Purchases from related party	Sales to related party	Trading balances owed to related party	Trading balances owed from related party
	£	£	£	£
2016				
Denholm Wilhelmsen Limited	30,809	25,574	-	2,874
2015	£	£	£	£
Denholm Wilhelmsen Limited	26,911	13,049	818	2,616

Denholm Wilhelmsen is a fellow subsidiary of J. & J. Denholm Limited, the ultimate parent undertaking.

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 of the exemption 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 Limited.

17. SHARE CAPITAL

Allotted, called up and fully paid:

	2016		2015	
	Number	£	Number	£
50,000 Ordinary 'A' shares of £1 each	50,000	50,000	50,000	50,000
50,000 Ordinary 'B' shares of £1 each	50,000	50,000	50,000	50,000
	100,000	100,000	100,000	100,000

LACY & MIDDLEMISS SHIPBROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

18. ULTIMATE PARENT COMPANY

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