

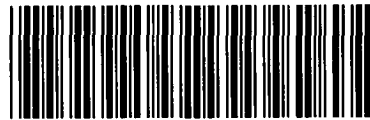
COMPANY REGISTRATION NUMBER 2317695

**LACY & MIDDLEMISS SHIPBROKERS LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

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COMPANIES HOUSE

**LACY & MIDDLEMISS SHIPBROKERS LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

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**LACY & MIDDLEMISS SHIPBROKERS LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

**Directors**

P J Cross  
J N W Denholm  
S B Hughes

**Secretary**

G A Hanson

**Registered office**

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

**Independent auditor**

BDO LLP  
Chartered Accountants and Statutory Auditor  
Glasgow  
United Kingdom

# **LACY & MIDDLEMISS SHIPBROKERS LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2018**

The directors submit their report and the financial statements of the company for the year ended 31 December 2018.

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.

### **Company number**

The company is registered in England and Wales (company number 2317695).

### **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 £305,198 (2017 - £293,999).

The directors declared and the company paid a dividend of £250,000 for the year ended 31 December 2018 (2017 - £250,000).

### **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 directors' 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. 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:

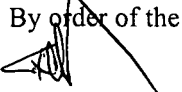
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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, 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 29 May 2019.



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 2018**

**Opinion**

We have audited the financial statements of Lacy & Middlemiss Shipbrokers Limited ("the Company") for the year ended 31 December 2018 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

- 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.

**Other information**

The directors are responsible for the other information. The other information comprises the directors' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

**LACY & MIDDLEMISS SHIPBROKERS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LACY &**  
**MIDDLEMISS SHIPBROKERS LIMITED (continued)**  
**YEAR ENDED 31 DECEMBER 2018**

**Opinions on other matters 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 have been prepared in accordance with applicable legal requirements

**Matters on which we are required to report by exception**

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 material misstatements in the director's report.

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

**Auditor's 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 auditor's 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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**LACY & MIDDLEMISS SHIPBROKERS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LACY &**  
**MIDDLEMISS SHIPBROKERS LIMITED (*continued*)**  
**YEAR ENDED 31 DECEMBER 2018**

**Auditor's responsibilities for the audit of the financial statements**

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.

*BDO LLP.*

Mark McCluskey (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Glasgow  
United Kingdom

*31 May 2019*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**LACY & MIDDLEMISS SHIPBROKERS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2018**

|                                                      | Note | 2018<br>£           | 2017<br>£    |
|------------------------------------------------------|------|---------------------|--------------|
| TURNOVER                                             | 2    | <b>14,122,853</b>   | 12,431,202   |
| Cost of sales                                        |      | <b>(13,355,789)</b> | (11,657,374) |
| <b>GROSS PROFIT</b>                                  |      | <b>767,064</b>      | 773,828      |
| Administrative expenses                              |      | <b>(385,929)</b>    | (408,686)    |
| <b>OPERATING PROFIT</b>                              | 3    | <b>381,135</b>      | 365,142      |
| Interest receivable                                  | 6    | <b>1,971</b>        | 214          |
| Interest payable                                     | 7    | <b>(5,636)</b>      | (189)        |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |      | <b>377,470</b>      | 365,167      |
| Tax on profit on ordinary activities                 | 8    | <b>(72,272)</b>     | (71,168)     |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                 |      | <b>305,198</b>      | 293,999      |

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 £305,198 attributable to the shareholders for the year ended 31 December 2018 (2017 - £293,999). Accordingly, a statement of other comprehensive income is not presented.

The notes on pages 9 to 17 form part of these financial statements.

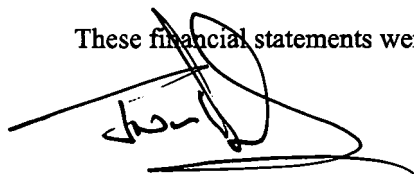
**LACY & MIDDLEMISS SHIPBROKERS LIMITED**

**BALANCE SHEET**

**31 DECEMBER 2018**

|                                                       | Note | 2018<br>£   | 2017<br>£   |
|-------------------------------------------------------|------|-------------|-------------|
| <b>FIXED ASSETS</b>                                   |      |             |             |
| Tangible assets                                       | 10   | 6,626       | 10,501      |
| <b>CURRENT ASSETS</b>                                 |      |             |             |
| Debtors due within one year                           | 11   | 1,061,144   | 821,479     |
| Cash at bank                                          |      | 302,797     | 469,473     |
|                                                       |      | 1,363,941   | 1,290,952   |
| <b>CREDITORS: Amounts falling due within one year</b> | 13   | (1,017,705) | (1,003,789) |
| <b>NET CURRENT ASSETS</b>                             |      | 346,236     | 287,163     |
| <b>NET ASSETS</b>                                     |      | 352,862     | 297,664     |
| <b>CAPITAL AND RESERVES</b>                           |      |             |             |
| Called-up share capital                               | 14   | 100,000     | 100,000     |
| Other reserves                                        | 14   | 300         | 300         |
| Profit and loss account                               | 14   | 252,562     | 197,364     |
| <b>SHAREHOLDERS' FUNDS</b>                            |      | 352,862     | 297,664     |

These financial statements were approved by the Board on 29 May 2019.



**J N W DENHOLM**  
Director

The notes on pages 9 to 17 form part of these financial statements.

**LACY & MIDDLEMISS SHIPBROKERS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2018**

|                                 | Note | Called up<br>Share<br>capital<br>£ | Other<br>reserves<br>£ | Profit and<br>loss account<br>£ | Total<br>£     |
|---------------------------------|------|------------------------------------|------------------------|---------------------------------|----------------|
| At 31 December 2016             |      | 100,000                            | 300                    | 153,365                         | 253,665        |
| Profit for the financial year   |      | -                                  | -                      | 293,999                         | 293,999        |
| Dividends paid on equity shares | 9    | -                                  | -                      | (250,000)                       | (250,000)      |
| <b>At 31 December 2017</b>      |      | <b>100,000</b>                     | <b>300</b>             | <b>197,364</b>                  | <b>297,664</b> |
| Profit for the financial year   |      | -                                  | -                      | 305,198                         | 305,198        |
| Dividends paid on equity shares | 9    | -                                  | -                      | (250,000)                       | (250,000)      |
| <b>At 31 December 2018</b>      |      | <b>100,000</b>                     | <b>300</b>             | <b>252,562</b>                  | <b>352,862</b> |

The notes on pages 9 to 17 form part of these financial statements.

**LACY & MIDDLEMISS SHIPBROKERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

**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 company has taken advantage of the reduced disclosure exemptions as permitted by FRS 102 in preparing these financial statements as noted throughout these financial statements. This information is included in the consolidated financial statements of J. & J. Denholm Limited as at 31 December 2018 and these financial statements may be obtained from Companies House.

During 2017, the Financial Reporting Council ('FRC') issued "Amendments to FRS 102 - Triennial Review 2017" which updated and clarified a number of areas in the Financial Reporting Standard. These amendments to FRS 102 come into effect for all companies from 1st January 2019, however early adoption is permitted. These financial statements have been prepared in accordance with this new Standard in the current year and prior year.

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 |
|-------------------|----------------|

**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 2018**

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.

**Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with a maturity date of 12 months or less.

**Pension costs**

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

**Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved.

**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 2018**

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.

|                       | 2018<br>£         | 2017<br>£         |
|-----------------------|-------------------|-------------------|
| Rendering of services | <u>14,122,853</u> | <u>12,431,202</u> |

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

|                                       | 2018<br>£     | 2017<br>£     |
|---------------------------------------|---------------|---------------|
| Depreciation of tangible fixed assets | 5,297         | 5,318         |
| Auditor's fees                        | 3,554         | 3,450         |
| Foreign exchange gain                 | (1,000)       | (381)         |
| 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 2018**

**4. PARTICULARS OF EMPLOYEES**

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

|            | <b>2018</b>   | <b>2017</b>   |
|------------|---------------|---------------|
|            | <b>Number</b> | <b>Number</b> |
| Operations | <b>6</b>      | <b>6</b>      |

The aggregate payroll costs of the above were:

|                               | <b>2018</b>    | <b>2017</b>    |
|-------------------------------|----------------|----------------|
|                               | <b>£</b>       | <b>£</b>       |
| Wages and salaries            | <b>148,640</b> | <b>187,043</b> |
| Social security costs         | <b>14,887</b>  | <b>18,800</b>  |
| Other pension costs (note 15) | <b>7,151</b>   | <b>9,442</b>   |
|                               | <b>170,678</b> | <b>215,285</b> |

**5. DIRECTORS' REMUNERATION**

The directors aggregate remuneration in respect of qualifying services were:

|                                                         | <b>2018</b>   | <b>2017</b>   |
|---------------------------------------------------------|---------------|---------------|
|                                                         | <b>£</b>      | <b>£</b>      |
| Remuneration receivable                                 | <b>67,676</b> | <b>11,689</b> |
| Company pension contributions to money purchase schemes | <b>6,239</b>  | <b>-</b>      |
|                                                         | <b>73,915</b> | <b>11,689</b> |

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

|                        | <b>2018</b> | <b>2017</b> |
|------------------------|-------------|-------------|
|                        | <b>£</b>    | <b>£</b>    |
| Money purchase schemes | <b>1</b>    | <b>-</b>    |

Certain of the company's directors were paid by other group companies during the year and in the prior year and it is not practical to make an apportionment of remuneration in respect of services provided to this company, as a result none of their remuneration is included in the emoluments reported above.

**6. INTEREST RECEIVABLE**

|                                                            | <b>2018</b>  | <b>2017</b> |
|------------------------------------------------------------|--------------|-------------|
|                                                            | <b>£</b>     | <b>£</b>    |
| Interest receivable on amounts due from group undertakings | <b>23</b>    | <b>45</b>   |
| Bank interest receivable                                   | <b>1,948</b> | <b>169</b>  |
|                                                            | <b>1,971</b> | <b>214</b>  |

**LACY & MIDDLEMISS SHIPBROKERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

**7. INTEREST PAYABLE**

|                                                       | <b>2018</b>  | <b>2017</b> |
|-------------------------------------------------------|--------------|-------------|
|                                                       | <b>£</b>     | <b>£</b>    |
| Interest payable on amounts due to group undertakings | <b>5,636</b> | <b>189</b>  |

**8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

**(a) Analysis of tax charge in the year**

|                                                      | <b>2018</b>   | <b>2017</b>   |
|------------------------------------------------------|---------------|---------------|
|                                                      | <b>£</b>      | <b>£</b>      |
| Current tax:                                         |               |               |
| In respect of the year:                              |               |               |
| UK Corporation tax based on the results for the year | <b>72,652</b> | <b>71,457</b> |
| Over provision in prior year                         | <b>-</b>      | <b>(35)</b>   |
| Total current tax                                    | <b>72,652</b> | <b>71,422</b> |
| Deferred tax:                                        |               |               |
| Origination and reversal of timing differences       | <b>(380)</b>  | <b>(254)</b>  |
| Tax on profit on ordinary activities                 | <b>72,272</b> | <b>71,168</b> |

**(b) Factors affecting current tax charge for the year**

The tax charge on the profit on ordinary activities for the year is higher than (2017: higher) the standard rate of corporation tax in the UK of 19.0% (2017: 19.25%). The differences are reconciled below:

|                                                                                                                | <b>2018</b>    | <b>2017</b>    |
|----------------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                                | <b>£</b>       | <b>£</b>       |
| Profit on ordinary activities before tax                                                                       | <b>377,470</b> | <b>365,167</b> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2017: 19.25%) | <b>71,719</b>  | <b>70,295</b>  |
| Expenses not deductible for tax purposes                                                                       | <b>534</b>     | <b>886</b>     |
| Adjustments in respect of prior periods                                                                        | <b>-</b>       | <b>(35)</b>    |
| Differences in deferred tax rate                                                                               | <b>45</b>      | <b>34</b>      |
| Sundry adjustments                                                                                             | <b>(26)</b>    | <b>(12)</b>    |
| Total tax charge                                                                                               | <b>72,272</b>  | <b>71,168</b>  |

**9. DIVIDENDS**

|                                               | <b>2018</b>    | <b>2017</b>    |
|-----------------------------------------------|----------------|----------------|
|                                               | <b>£</b>       | <b>£</b>       |
| Dividends paid £2.50 per share (2017 - £2.50) | <b>250,000</b> | <b>250,000</b> |

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**10. TANGIBLE FIXED ASSETS**

|                           | <b>Plant &amp;<br/>Machinery<br/>£</b> |
|---------------------------|----------------------------------------|
| Cost                      |                                        |
| At 1 January 2018         | 58,476                                 |
| Additions                 | 1,544                                  |
| Disposals                 | (14,093)                               |
|                           | <u>45,927</u>                          |
| At 31 December 2018       | <u>45,927</u>                          |
| Depreciation              |                                        |
| At 1 January 2018         | 47,975                                 |
| Charge for the year       | 5,297                                  |
| Depreciation on disposals | (13,971)                               |
|                           | <u>39,301</u>                          |
| At 31 December 2018       | <u>39,301</u>                          |
| Net Book Value            |                                        |
| At 31 December 2018       | <u>6,626</u>                           |
| At 31 December 2017       | <u>10,501</u>                          |

**11. DEBTORS: Amounts falling due within one year**

|                                    | <b>2018<br/>£</b> | <b>2017<br/>£</b> |
|------------------------------------|-------------------|-------------------|
| Trade debtors                      | 1,010,588         | 809,654           |
| Amounts owed by group undertakings | 4,005             | 1,030             |
| Prepayments and accrued income     | 44,998            | 9,622             |
| Deferred taxation (note 12)        | 1,553             | 1,173             |
|                                    | <u>1,061,144</u>  | <u>821,479</u>    |

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

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**12. DEFERRED TAXATION**

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

|                               | <b>2018</b>         | <b>2017</b>         |
|-------------------------------|---------------------|---------------------|
|                               | <b>£</b>            | <b>£</b>            |
| Included in debtors (note 11) | <b>1,553</b>        | <b>1,173</b>        |
|                               | <u><b>1,553</b></u> | <u><b>1,173</b></u> |

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

|                                                                   | <b>2018</b>         | <b>2017</b>         |
|-------------------------------------------------------------------|---------------------|---------------------|
|                                                                   | <b>£</b>            | <b>£</b>            |
| Balance brought forward                                           | <b>1,173</b>        | <b>919</b>          |
| Profit and loss account movement arising during the year (note 8) | <b>380</b>          | <b>254</b>          |
|                                                                   | <u><b>1,553</b></u> | <u><b>1,173</b></u> |
| Balance carried forward                                           | <u><b>1,553</b></u> | <u><b>1,173</b></u> |

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

|                                                           | <b>2018</b>         | <b>2017</b>         |
|-----------------------------------------------------------|---------------------|---------------------|
|                                                           | <b>£</b>            | <b>£</b>            |
| Accounting depreciation in excess over capital allowances | <b>1,553</b>        | <b>1,173</b>        |
|                                                           | <u><b>1,553</b></u> | <u><b>1,173</b></u> |

**13. CREDITORS: Amounts falling due within one year**

|                                    | <b>2018</b>             | <b>2017</b>             |
|------------------------------------|-------------------------|-------------------------|
|                                    | <b>£</b>                | <b>£</b>                |
| Trade creditors                    | <b>222,568</b>          | <b>400,754</b>          |
| Amounts owed to group undertakings | <b>76,841</b>           | <b>162,418</b>          |
| Corporation tax                    | <b>133,006</b>          | <b>71,457</b>           |
| Other taxation                     | <b>272,818</b>          | <b>165,746</b>          |
| Other creditors                    | <b>312,472</b>          | <b>203,414</b>          |
|                                    | <u><b>1,017,705</b></u> | <u><b>1,003,789</b></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 includes a loan from a group undertaking which bears interest at 3.75% (2017: 3.5%) plus Bank of England base rate and is repayable on demand.

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**14. SHARE CAPITAL**

Allotted, called up and fully paid:

|                                       | <b>2018</b>           |                       | <b>2017</b>           |                       |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                       | <b>Number</b>         | <b>£</b>              | <b>Number</b>         | <b>£</b>              |
| 50,000 Ordinary 'A' shares of £1 each | <b>50,000</b>         | <b>50,000</b>         | 50,000                | 50,000                |
| 50,000 Ordinary 'B' shares of £1 each | <b>50,000</b>         | <b>50,000</b>         | 50,000                | 50,000                |
|                                       | <b><u>100,000</u></b> | <b><u>100,000</u></b> | <b><u>100,000</u></b> | <b><u>100,000</u></b> |

The company has two classes of ordinary shares which have identical voting rights and carry no right to fixed income.

The profit and loss account of £252,562 (2017 - £197,364) represents cumulative profits or losses, net of dividends paid and other adjustments.

Other reserves of £300 (2017 - £300) comprises the capital redemption reserve.

**15. PENSIONS**

The company contributes to a defined contribution scheme for which the pension charge in the year amounted to £7,151 (2017 - £9,442).

**16. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2018 the future minimum lease payments under non-cancellable operating leases were as follows.

|                               | <b>Land and buildings</b> |                     |
|-------------------------------|---------------------------|---------------------|
|                               | <b>2018</b>               | <b>2017</b>         |
|                               | <b>£</b>                  | <b>£</b>            |
| Operating lease payments due: |                           |                     |
| Within 1 year                 | <b><u>4,200</u></b>       | <b><u>4,200</u></b> |

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**17. RELATED PARTY TRANSACTIONS**

| Related party                                                          | Purchases<br>from related<br>party | Sales to<br>related<br>party | Trading<br>balances<br>owed to<br>related<br>party | Trading<br>balances<br>owed from<br>related<br>party |
|------------------------------------------------------------------------|------------------------------------|------------------------------|----------------------------------------------------|------------------------------------------------------|
|                                                                        | £                                  | £                            | £                                                  | £                                                    |
| <b>2018</b>                                                            |                                    |                              |                                                    |                                                      |
| Denholm Port Services Limited (formerly<br>Denholm Wilhelmsen Limited) | <u>43,548</u>                      | <u>22,251</u>                | <u>1,674</u>                                       | <u>4,005</u>                                         |
| <b>2017</b>                                                            | £                                  | £                            | £                                                  | £                                                    |
| Denholm Port Services Limited (formerly<br>Denholm Wilhelmsen Limited) | <u>20,515</u>                      | <u>38,769</u>                | <u>5,290</u>                                       | <u>1,030</u>                                         |

Denholm Port Services Limited 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.

**18. ULTIMATE PARENT COMPANY**

The immediate parent undertaking is Denholm Logistics Group Limited, a company registered in England and Wales. 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.