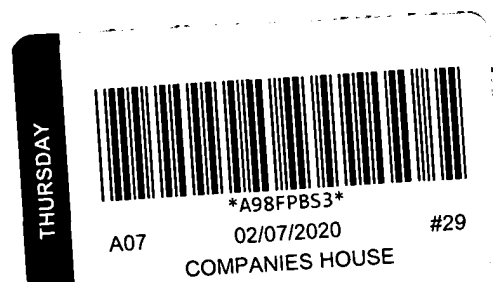


Registration number: 03931746 (England & Wales)

Solent Stevedores Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



Solent Stevedores Limited

Company Information

| | |
|--------------------------|---|
| Directors | S D Cullen F V Robson I D Jacobs J R Williams T H Dynes Z J Mcelvenny |
| Company secretary | F V Robson |
| Registered office | Freshford House Redcliffe Way Bristol BS1 6NL |
| Business address | Suite 1 Drake House Drake Lane Dursley GL11 4HH |
| Auditors | Milsted Langdon LLP Freshford House Redcliffe Way Bristol BS1 6NL |
| Bankers | Lloyds Bank PLC Redland Business Centre 163 Whiteladies Road Redland Bristol BS8 2RW |
| Solicitors | HFW LLP Friary Court 65 Crutched Friars London EC3N 2AE |

Solent Stevedores Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Principal activities

The principal activity of the company continued to be that of cargo handling.

Fair review of the business and future developments

Solent Stevedores is an award winning stevedoring company providing a broad range of bulk, fresh produce and container handling with storage services at the Ports of Southampton, Immingham and London Gateway. In addition, we provide Cruise Vessel Support services to the prestigious cruise operators at the Port of Southampton.

The Board are pleased to report that during the year ended 31 December 2019, the company continued to deliver a high level of service to our customers across our operations resulting in an increase in revenue of £2.09m.

Solent Stevedores has a 20 year leasehold of the Western docks rail terminal, strategically placed adjacent to the bulks and fresh produce terminals at the Port of Southampton. The Board has high expectations for the performance of the terminal over the coming years, offering a cost effective and alternative mode of transport for container cargo arriving at the Port of Southampton. The operation is adequately resourced with a highly skilled management team to deliver this growth.

Solent Stevedores continued to provide baggage handling, portering, provisioning, and mooring services to more than 400 cruise ship calls in the Port of Southampton, making us the UK's number one stevedoring supplier to the Cruise Industry. The company now has an 86% share of the market at the Port of Southampton.

Also operating from Southampton, the bulks terminal continued to contribute well to the overall operational output for 2019, exceeding 1 million tonnes of cargo handled for yet another year. This was a considerable achievement in the physical footprint available, only made possible through flexible operations, precise planning and experienced execution.

Our flexible, temperature-controlled storage facility is an excellent choice for the handling and quayside storage of fresh produce imports for distribution across the UK. Working with key customers, we are now an integral part in the supply chain of such produce to the UK consumer.

At the heart of London Docklands, we continue to be a vital part of the production process for Tate & Lyle Sugars, operating the jetty discharge and raw sugar shed operation. In 2019, we handled over 500,000 tonnes of raw sugar and hope to continue working with Tate & Lyle for many years to come with volumes expected to recover post-Brexit.

At the Port of Immingham on the Humber, our twin-chamber bulk warehouse has delivered over 150,000 tonnes of cementitious products forming an integral part of the construction industry's supply chain in the North East.

The Board are pleased to announce that Solent Stevedores will be extending operations at DP World London Gateway in early 2021, offering a range of container services including storage and repair to the container shipping lines.

Solent Stevedores Limited

Strategic Report for the Year Ended 31 December 2019

We are a thriving company which takes great pride in the delivery of a quality service to our clients as well as continuously seeking to enhance the employment conditions for our workforce and their safety at the workplace. This is achieved by a dedicated management and compliance team and complemented by our ISO 9001 and ISO 14001 accreditations. During the year, we focused on mental health awareness and employee well-being, an area which can often get overlooked in a male dominated industry and has been thoroughly well received. On behalf of the Board, I would like to take this opportunity to thank our excellent and motivated staff for their continued contribution and commitment to the business over the past twelve months yet at the same time emphasise that the COVID-19 pandemic which has struck the world economy in early 2020 will pose challenges and require difficult decisions to ensure the company is best placed to thrive in the economic recovery.

Financial Review

The company's financial performance is measured against monthly and annual budgets, along with a selection of operational key performance indicators to monitor productivity, efficiency and safety by sector. The Board are pleased to report turnover of £26,306,446 for 2019 (2018: £24,217,087), an increase of 8.6%. This has been achieved through a mixture of increased prices under RPI linked contracts and volumes handled at various operations across the company which include a full year of trading for operations at DP World, London Gateway.

The company reported a profit before tax of £1,821,936 (2018: £1,337,450), an increase of 36.2% on the prior year and largely achieved through efficient labour utilisation from a combined internal and agency sourced provision plus excess empty container storage at the Port of Southampton during the numerous postponed pre-Brexit surges in cargo volumes. Furthermore, overheads for the company have increased, although the Board continue to actively monitor the overhead base and will seek to create efficiency savings where possible.

We maintain a policy of financing all operational equipment where possible to utilise the advantageous cost of debt. The company continued its investment in operations, most of which are capital intensive where heavy lifting is involved. The company has a highly skilled internal maintenance function utilising a selection of asset management systems to ensure the tangible assets remain efficient in use and achieve the useful economic life envisaged.

The number of employees increased in the year as a result of a change in strategy for specific sites where a more centrally controlled workforce was considered necessary in achieving customer service levels. We are fully in line with workplace pensions' legislation and the company operates a defined contribution scheme for the benefit of its employees. Shareholders' funds as at the balance sheet date were £4,713,319 (2018: £4,193,802) representing a 12.4% increase on the prior year.

Financial instruments

The company uses basic financial instruments in undertaking day to day transactions. This includes a closely monitored receivables ledger with strict credit terms, to which a CID facility is available for cash management. The company endeavours to pay its unsecured creditors within the terms stipulated and continues to use asset secured financing for the procurement of plant and machinery, in the form of finance leases where a select number of credit lines are in place to give scope for future growth. As a direct result of the ongoing pandemic, the company has successfully acquired additional support under the CBIL scheme and utilising the Job Retention scheme to mitigate the cost of the workforce not currently able to work at capacity and provide sufficient headroom to trade.

Solent Stevedores Limited

Strategic Report for the Year Ended 31 December 2019

Principal risks and uncertainties

Government and legislative changes: The Board remain vigilant to legislative changes including the effect of the living wage and environmental policies which impact on the cost model of certain operations. Most notably, the governments Carbon Pledge which will require fundamental changes in the method of operations and equipment involved. The potential effect of these are quantified as best possible and factored into forecasting and contractual negotiations.

Impact from accidents, natural disasters and terrorist incidents: The Board are conscious of the impact a major incident or accident resulting in injury to personnel could have to the company's operations. Our investment in compliance increases annually, well above inflation and we work closely with the regulatory bodies such as the Environment Agency to ensure the working practices are appropriate and incident reporting procedures are sufficient.

Market and Brexit and COVID-19: The pandemic which has gripped the global economy during the early part of 2020 is undoubtedly a principal concern. The demand destruction thus far has been unprecedented, having had an impact on all operations most notably the Cruise sector where the effects are considered to be more long term than container based operations. Nevertheless, having diversified operations over the past decade, the Board are confident the company can endure the current economic turmoil and remain committed to supporting its customers throughout this period wherever possible. Whilst the issue of Brexit has been swept aside in recent times, the Board are again confident the post-Brexit activity will remain strong with an increasing demand for imported goods to support the growing UK population. The majority of Southampton container imports are non-EU indicating the extent at which we already engage with the global market. Where possible, contract extension discussions commence well before expiry of the term and strategic positions are secured under leasehold tenancy to give underlying control. The geographical positioning of the company's operations are strategically placed to ensure we capture this trade.

Outlook

The Board does not foresee any material changes in the principal activities of the company however, does anticipate a decline in both revenues and profits for 2020 as a result of the ongoing pandemic which has resulted in a significant reduction in cargo volumes and services in the early part of 2020. By securing the applicable support packages available and managing costs in line with revenues, we are confident the company can continue trading for the foreseeable future.

Approved by the Board on 22/6/2020 and signed on its behalf by:



.....
F V Robson
Company secretary and director

Solent Stevedores Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors of the company

The directors who held office during the year were as follows:

S D Cullen

F V Robson - Company secretary and director

I D Jacobs

J R Williams

T H Dynes

The following director was appointed after the year end:

Z J Mcelvenny (appointed 1 January 2020)

Financial instruments

The entity has procedures to identify risk and protect and manage the entity from events that may hinder its financial performance objectives. The objectives aim to limit counterparty exposure, ensure sufficient working capital exists and monitor and manage risk. The entity does not consider it necessary to employ derivatives such as forward currency contracts to manage risk based on the current activities of the entity.

Price risk, credit risk, liquidity risk and cash flow risk

Price risk - the company is exposed to price risk as a result of its operations. However, sales prices are constantly reviewed and agreed by management to ensure sales prices reflect any fluctuating prices within the market place.

Credit risk - before sales are made, appropriate credit checks are performed on potential customers. The majority are established customers of the company and therefore the credit risk on individual customers is limited.

Liquidity and cash flow risk - the company's exposure to liquidity risk is minimal and the company tightly monitors and controls its cash flow.

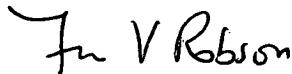
Reappointment of auditors

The auditors Milsted Langdon LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 21/6/2020 and signed on its behalf by:



.....
F V Robson
Company secretary and director

Solent Stevedores Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Solent Stevedores Limited

Independent Auditor's Report to the Members of Solent Stevedores Limited

Opinion

We have audited the financial statements of Solent Stevedores Limited (the 'company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, 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 2019 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 information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Solent Stevedores Limited

Independent Auditor's Report to the Members of Solent Stevedores Limited

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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Solent Stevedores Limited

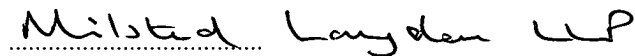
Independent Auditor's Report to the Members of Solent Stevedores Limited

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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.



Andrew J Jordan (Senior Statutory Auditor)
For and on behalf of Milsted Langdon LLP, Statutory Auditor

Freshford House
Redcliffe Way
Bristol
BS1 6NL

Date: 2 June 2020

Solent Stevedores Limited

Profit and Loss Account for the Year Ended 31 December 2019

| | Note | 2019 £ | 2018 £ |
|--|------|-------------------------|-------------------------|
| Turnover | 3 | 26,306,446 | 24,217,087 |
| Cost of sales | | <u>(20,683,010)</u> | <u>(19,751,162)</u> |
| Gross profit | | 5,623,436 | 4,465,925 |
| Administrative expenses | | <u>(3,682,157)</u> | <u>(3,006,914)</u> |
| Operating profit | 4 | <u>1,941,279</u> | <u>1,459,011</u> |
| Other interest receivable and similar income | 5 | 2,656 | 702 |
| Interest payable and similar expenses | 6 | <u>(121,999)</u> | <u>(122,263)</u> |
| | | <u>(119,343)</u> | <u>(121,561)</u> |
| Profit before tax | | 1,821,936 | 1,337,450 |
| Taxation | 10 | <u>(352,420)</u> | <u>(304,143)</u> |
| Profit for the financial year | | <u><u>1,469,516</u></u> | <u><u>1,033,307</u></u> |

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above. Accordingly a separate Statement of Other Comprehensive Income has not been presented.

Solent Stevedores Limited

(Registration number: 03931746)
Balance Sheet as at 31 December 2019

| | Note | 2019 £ | 2018 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 11 | 86,559 | 18,272 |
| Tangible assets | 12 | 4,462,388 | 4,342,089 |
| Investments | 13 | <u>1</u> | <u>1</u> |
| | | <u>4,548,948</u> | <u>4,360,362</u> |
| Current assets | | | |
| Stocks | 14 | 34,884 | 26,731 |
| Debtors | 15 | 4,723,161 | 5,554,285 |
| Cash at bank and in hand | 16 | <u>2,168,835</u> | <u>1,160,451</u> |
| | | 6,926,880 | 6,741,467 |
| Creditors: Amounts falling due within one year | 17 | <u>(4,808,360)</u> | <u>(5,013,608)</u> |
| Net current assets | | <u>2,118,520</u> | <u>1,727,859</u> |
| Total assets less current liabilities | | 6,667,468 | 6,088,221 |
| Creditors: Amounts falling due after more than one year | 17 | (1,729,198) | (1,746,808) |
| Provisions for liabilities | 18 | <u>(224,951)</u> | <u>(147,611)</u> |
| Net assets | | <u><u>4,713,319</u></u> | <u><u>4,193,802</u></u> |
| Capital and reserves | | | |
| Called up share capital | 20 | 1,000 | 1,000 |
| Profit and loss account | | <u>4,712,319</u> | <u>4,192,802</u> |
| Total equity | | <u><u>4,713,319</u></u> | <u><u>4,193,802</u></u> |

Approved and authorised by the Board on 22/05/2020 and signed on its behalf by:



.....
F V Robson
Company secretary and director

Solent Stevedores Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

| | Share capital £ | Profit and loss account £ | Total £ |
|----------------------------|--------------------|---------------------------------|------------|
| At 1 January 2019 | 1,000 | 4,192,802 | 4,193,802 |
| Profit for the year | - | 1,469,516 | 1,469,516 |
| Total comprehensive income | - | 1,469,516 | 1,469,516 |
| Dividends | - | (949,999) | (949,999) |
| At 31 December 2019 | 1,000 | 4,712,319 | 4,713,319 |

| | Share capital £ | Profit and loss account £ | Total £ |
|----------------------------|--------------------|---------------------------------|------------|
| At 1 January 2018 | 1,000 | 3,675,450 | 3,676,450 |
| Profit for the year | - | 1,033,307 | 1,033,307 |
| Total comprehensive income | - | 1,033,307 | 1,033,307 |
| Dividends | - | (515,955) | (515,955) |
| At 31 December 2018 | 1,000 | 4,192,802 | 4,193,802 |

The notes on pages 13 to 29 form an integral part of these financial statements.

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Freshford House
Redcliffe Way
Bristol
BS1 6NL

The principal place of business is:

Suite 1
Drake House
Drake Lane
Dursley
Gloucestershire
GL11 4HH

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts as they are consolidated in a larger group, accounts for which are publicly available. The financial statements therefore present information about the company as an individual entity and not about its group.

The financial statements are prepared in sterling, which is the functional currency of the entity. Monetary amounts within the financial statements are rounded to the nearest £.

Summary of disclosure exemptions

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements;

Section 4 'Statement of Financial Position' - Reconciliation of the open and closing number of shares;

Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flow and related notes and disclosures;

Section 33 'Related Party Disclosures' - Compensation for key management personnel.

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Name of parent of group

These financial statements are consolidated in the financial statements of Cullen Group Limited.

The financial statements of Cullen Group Limited may be obtained from Suite 1, Drake House, Drake Lane, Dursley, Gloucestershire, GL11 4HH.

Going concern

The growth of the Coronavirus COVID-19 pandemic across the world has had an inevitable impact on the company's trading outlook. Due to both the global and domestic nature of the business, the pandemic has impacted on both the company's supply chain and its customers who are also impacted by events at this time.

In light of the rapid global spread of the pandemic in early 2020, the directors took immediate action and implemented their business continuity plans, with the continuation of operations as a result of the implementation of social distancing and other safe working practices to ensure the working environment is as safe as possible having been awarded key worker status. The company has invested in significant technology resources and infrastructure which has enabled the head office and support staff to be able to work from home. The directors have performed stress tests and applied these to various budgets and forecasts and although there is expected to be an impact on trading performance in the year ended 31 December 2020, the directors do not consider that this will significantly impact the company's ability to continue as a going concern.

The directors have also reviewed its supply chains, key customers and capital resources. Following the year end the company has had a £1.5m loan approved under the Government backed Coronavirus Business Interruption Loan scheme which will provide additional working capital for the business to enable the continuation of trade. Given the level of cash held by the company, the high levels of reserves and the continued support of the shareholders and parent company, the directors consider that the company has adequate resources in place to continue trading for the foreseeable future, being twelve months from the date of approval of the financial statements. Therefore, the going concern basis continues to be applied in the preparation of the financial statements.

Key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

Current or deferred taxation assets and liabilities are not discounted.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties or other assets under construction over their estimated useful lives, as follows:

| Asset class | Depreciation method and rate |
|----------------------------------|------------------------------|
| Freehold land and buildings | 5% - 10% straight line |
| Leasehold land and buildings | Over the term of the lease |
| Plant and machinery | 15% - 33% straight line |
| Fixtures, fittings and equipment | 25% - 33% straight line |
| Motor vehicles | 25% straight line |

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Intangible assets

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

| Asset class | Amortisation method and rate |
|--|------------------------------|
| Internally generated computer software | 25% straight line |

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost is determined using the first-in, first-out (FIFO) method.

At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Financial instruments

Recognition and measurement

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Classification of financial liabilities

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.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

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.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

| | 2019 | 2018 |
|-----------------------|-------------------|-------------------|
| | £ | £ |
| Rendering of services | 26,256,446 | 24,162,087 |
| Other revenue | 50,000 | 55,000 |
| | <u>26,306,446</u> | <u>24,217,087</u> |

The analysis of the company's turnover for the year by market is as follows:

| | 2019 | 2018 |
|----------------|-------------------|-------------------|
| | £ | £ |
| United Kingdom | <u>26,306,446</u> | <u>24,217,087</u> |

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

4 Operating profit

Arrived at after charging/(crediting)

| | 2019 | 2018 |
|--|--------------|-----------------|
| | £ | £ |
| Depreciation expense | 1,088,354 | 1,074,159 |
| Amortisation expense | 13,779 | 4,931 |
| Impairment loss | - | 37,025 |
| Research and development cost | 13,091 | - |
| Foreign exchange (gains)/losses | (171) | 391 |
| Loss/(profit) on disposal of property, plant and equipment | <u>8,727</u> | <u>(21,989)</u> |

5 Other interest receivable and similar income

| | 2019 | 2018 |
|----------------------------------|--------------|------------|
| | £ | £ |
| Interest income on bank deposits | 2,656 | 369 |
| Other interest income | - | 333 |
| | <u>2,656</u> | <u>702</u> |

6 Interest payable and similar expenses

| | 2019 | 2018 |
|--|----------------|----------------|
| | £ | £ |
| Interest on obligations under finance leases and hire purchase contracts | 108,311 | 111,099 |
| Interest expense on other finance liabilities | 655 | - |
| Interest on invoice finance arrangements | <u>13,033</u> | <u>11,164</u> |
| | <u>121,999</u> | <u>122,263</u> |

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

| | 2019 | 2018 |
|--|------------------|------------------|
| | £ | £ |
| Wages and salaries | 5,614,560 | 5,254,322 |
| Social security costs | 480,084 | 528,704 |
| Pension costs, defined contribution scheme | <u>533,184</u> | <u>514,682</u> |
| | <u>6,627,828</u> | <u>6,297,708</u> |

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

| | 2019 No. | 2018 No. |
|---|-------------|-------------|
| Stevedoring operatives | 115 | 108 |
| Office and management staff (including directors) | 23 | 23 |
| | <u>138</u> | <u>131</u> |

8 Directors' remuneration

The directors' remuneration for the year was as follows:

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Remuneration | 485,429 | 433,708 |
| Contributions paid to money purchase schemes | 135,487 | 137,654 |
| | <u>620,916</u> | <u>571,362</u> |

The number of directors to whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2018 - 5).

In respect of the highest paid director:

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Remuneration | 164,049 | 139,456 |
| Company pension contributions to defined contribution schemes | 22,991 | 21,813 |

9 Auditors' remuneration

| | 2019 £ | 2018 £ |
|-----------------------------------|--------------|---------------|
| Audit of the financial statements | 10,000 | 10,000 |
| Other fees to auditors | | |
| All other non-audit services | <u>6,000</u> | <u>10,770</u> |

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

10 Taxation

Tax charged/(credited) in the profit and loss account

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| Current taxation | | |
| UK corporation tax | 277,957 | 313,645 |
| UK corporation tax adjustment to prior periods | (2,877) | 1,451 |
| | <u>275,080</u> | <u>315,096</u> |
| Deferred taxation | | |
| Arising from origination and reversal of timing differences | 77,340 | (10,953) |
| Tax expense in the profit and loss account | <u>352,420</u> | <u>304,143</u> |

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Profit before tax | <u>1,821,936</u> | <u>1,337,450</u> |
| Corporation tax at standard rate | 346,168 | 254,116 |
| Increase from effect of different UK tax rates on some earnings | 16,165 | - |
| Effect of expense not deductible in determining taxable profit (tax loss) | 21,852 | 21,456 |
| Deferred tax (credit)/expense from unrecognised temporary difference from a prior period | (10,000) | 9,953 |
| (Decrease)/increase in UK and foreign current tax from adjustment for prior periods | (3,077) | 1,451 |
| Tax increase from effect of capital allowances and depreciation | - | 18,514 |
| Tax decrease from other short-term timing differences | - | (1,347) |
| Tax decrease arising from group relief | (18,688) | - |
| Total tax charge | <u>352,420</u> | <u>304,143</u> |

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

11 Intangible assets

| | Internally generated software development costs £ | Total £ |
|--------------------------------|--|------------|
| Cost or valuation | | |
| At 1 January 2019 | 60,228 | 60,228 |
| Additions internally developed | 82,066 | 82,066 |
| At 31 December 2019 | 142,294 | 142,294 |
| Amortisation | | |
| At 1 January 2019 | 41,956 | 41,956 |
| Amortisation charge | 13,779 | 13,779 |
| At 31 December 2019 | 55,735 | 55,735 |
| Carrying amount | | |
| At 31 December 2019 | 86,559 | 86,559 |
| At 31 December 2018 | 18,272 | 18,272 |

12 Tangible assets

| | Land and buildings £ | Fixtures, fittings and equipment £ | Motor vehicles £ | Assets under construction £ | Plant and machinery £ | Total £ |
|--------------------------|-------------------------|---------------------------------------|---------------------|--------------------------------|--------------------------|------------|
| Cost or valuation | | | | | | |
| At 1 January 2019 | 1,147,198 | 450,992 | 63,450 | - | 7,116,282 | 8,777,922 |
| Additions | 44,238 | 48,151 | - | 150,518 | 1,194,661 | 1,437,568 |
| Disposals | - | - | - | - | (533,846) | (533,846) |
| At 31 December 2019 | 1,191,436 | 499,143 | 63,450 | 150,518 | 7,777,097 | 9,681,644 |
| Depreciation | | | | | | |
| At 1 January 2019 | 435,289 | 288,434 | 1,020 | - | 3,711,090 | 4,435,833 |
| Charge for the year | 134,257 | 68,254 | 12,237 | - | 873,606 | 1,088,354 |
| Eliminated on disposal | - | - | - | - | (304,931) | (304,931) |
| At 31 December 2019 | 569,546 | 356,688 | 13,257 | - | 4,279,765 | 5,219,256 |
| Carrying amount | | | | | | |
| At 31 December 2019 | 621,890 | 142,455 | 50,193 | 150,518 | 3,497,332 | 4,462,388 |
| At 31 December 2018 | 711,909 | 162,558 | 62,430 | - | 3,405,192 | 4,342,089 |

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Included within the net book value of land and buildings above is £104,322 (2018 - £113,844) in respect of freehold land and buildings and £517,568 (2018 - £598,065) in respect of long leasehold land and buildings.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

| | 2019 | 2018 |
|----------------------------------|------------------|------------------|
| | £ | £ |
| Plant and machinery | 2,912,415 | 2,865,393 |
| Fixtures, fittings and equipment | 50,193 | 69,189 |
| | <u>2,962,608</u> | <u>2,934,582</u> |

13 Investments in subsidiaries, joint ventures and associates

| | 2019 | 2018 |
|-------------------------------|----------|----------|
| | £ | £ |
| Investments in joint ventures | <u>1</u> | <u>1</u> |
| Joint ventures | | £ |
| Cost | | |
| At 1 January 2019 | | <u>1</u> |
| Provision | | |
| Carrying amount | | |
| At 31 December 2019 | | <u>1</u> |
| At 31 December 2018 | | <u>1</u> |

Aggregate financial information of joint ventures

| | 2019 | 2018 |
|----------------|---------------|---------------|
| | £ | £ |
| Total assets | <u>89,125</u> | <u>74,206</u> |
| Profit or loss | <u>14,919</u> | <u>37,270</u> |

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

| Undertaking | Registered office | Holding | Proportion of voting rights and shares held | |
|---------------------------|--|----------|---|------|
| | | | 2019 | 2018 |
| Joint ventures | | | | |
| United Stevedores Limited | Canute Chambers, Ocean Way, Ocean Village, Southampton, SO14 3TU | Ordinary | 50% | 50% |

The principal activity of United Stevedores Limited is sub-contracting stevedoring personnel.

14 Stocks

| | 2019 £ | 2018 £ |
|--|---------------|---------------|
| Spare parts for containers and reefers | <u>34,884</u> | <u>26,731</u> |

15 Debtors

| | Note | 2019 £ | 2018 £ |
|---------------------------------|------|------------------|------------------|
| Trade debtors | | 3,791,558 | 4,802,581 |
| Amounts owed by related parties | 24 | 230,076 | 53,916 |
| Other debtors | | 235,693 | 241,840 |
| Prepayments | | 366,464 | 445,740 |
| Accrued income | | <u>99,370</u> | <u>10,208</u> |
| | | <u>4,723,161</u> | <u>5,554,285</u> |

Amounts owed by related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16 Cash and cash equivalents

| | 2019 £ | 2018 £ |
|--------------|------------------|------------------|
| Cash on hand | 1,814 | 2,987 |
| Cash at bank | <u>2,167,021</u> | <u>1,157,464</u> |
| | <u>2,168,835</u> | <u>1,160,451</u> |

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

17 Creditors

| | Note | 2019 £ | 2018 £ |
|--|------|------------------|------------------|
| Due within one year | | | |
| Loans and borrowings | 21 | 767,089 | 739,300 |
| Trade creditors | | 1,972,334 | 1,973,761 |
| Social security and other taxes | | 279,557 | 212,580 |
| Outstanding defined contribution pension costs | | 83,520 | 64,452 |
| Other creditors | | 662,530 | 653,973 |
| Accruals | | 1,025,501 | 1,110,512 |
| Corporation tax | 10 | 17,829 | 259,030 |
| | | <u>4,808,360</u> | <u>5,013,608</u> |
| Due after one year | | | |
| Loans and borrowings | 21 | <u>1,729,198</u> | <u>1,746,808</u> |

Amounts due to related parties are secured, interest free, have no fixed date of repayment and are repayable on demand.

Trade creditors include amounts owed to related parties in the current and preceding year. Further details are presented in Note 24.

Included within 'Other creditors' is £628,340 (2018 - £635,464) due in respect of an invoice discounting facility secured by a debenture over all assets of the company dated 27 June 2013.

On the 1 October 2018 the parent company obtained bank borrowings from Lloyds Bank PLC which are secured by legal charges over the assets owned by the group. All assets are secured by a fixed and floating charge registered 1 October 2018 and by a fixed and negative pledge charge registered 9 November 2018.

18 Deferred tax and other provisions

| | Deferred tax £ | Total £ |
|--|-------------------|----------------|
| At 1 January 2019 | 147,611 | 147,611 |
| Increase (decrease) in existing provisions | <u>77,340</u> | <u>77,340</u> |
| At 31 December 2019 | <u>224,951</u> | <u>224,951</u> |

19 Pension and other schemes

Defined contribution pension scheme

The company participates in a defined contribution pension scheme. The pension charge for the year represents contributions payable by the company to the scheme and amounted to £533,184 (2018 - £514,682).

Contributions totalling £83,520 (2018 - £64,452) were payable to the scheme at the end of the year and are included in creditors.

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

20 Share capital

Allotted, called up and fully paid shares

| | 2019 | | 2018 | |
|----------------------------|--------------|--------------|--------------|--------------|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> |

21 Loans and borrowings

| | 2019 | 2018 |
|---|------------------|------------------|
| | £ | £ |
| Non-current loans and borrowings | | |
| Finance lease liabilities | <u>1,729,198</u> | <u>1,746,808</u> |

| | 2019 | 2018 |
|-------------------------------------|----------------|----------------|
| | £ | £ |
| Current loans and borrowings | | |
| Finance lease liabilities | <u>767,089</u> | <u>739,300</u> |

Finance lease liabilities are secured against the assets to which they relate.

22 Obligations under leases and hire purchase contracts

Finance leases

Finance lease payments represent rentals payable by the company for certain items assets. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered in for contingent rental payments.

The total of future minimum lease payments is as follows:

| | 2019 | 2018 |
|---|------------------|------------------|
| | £ | £ |
| Not later than one year | 767,089 | 739,300 |
| Later than one year and not later than five years | <u>1,729,198</u> | <u>1,746,808</u> |
| | <u>2,496,287</u> | <u>2,486,108</u> |

Operating leases

The total of future minimum lease payments is as follows:

| | 2019 | 2018 |
|---|-------------------|-------------------|
| | £ | £ |
| Not later than one year | 6,703,628 | 6,096,233 |
| Later than one year and not later than five years | 25,777,076 | 25,285,948 |
| Later than five years | <u>40,023,391</u> | <u>44,011,652</u> |
| | <u>72,504,095</u> | <u>75,393,833</u> |

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

The amount of non-cancellable operating lease payments recognised as an expense during the year was £6,703,628 (2018 - £6,096,233).

23 Dividends

Interim dividends paid

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| Interim dividend of £949.99 (2018 - £515.95) per each Ordinary shares | <u>949,999</u> | <u>515,955</u> |

24 Related party transactions

The company has taken advantage of the exemption available in FRS 102 whereby it has not disclosed transactions or balances with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

Summary of transactions with key management

The directors, who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. See note 8 for details of remuneration paid.

Transactions with directors

| | At 1 January 2019 £ | Advances to directors £ | Repayments by director £ | At 31 December 2019 £ |
|-------------------|------------------------------|----------------------------------|--------------------------------|--------------------------------|
| 2019 | | | | |
| S D Cullen | <u>80,985</u> | <u>541,141</u> | <u>(621,543)</u> | <u>583</u> |
| F V Robson | <u>9,107</u> | <u>9,133</u> | <u>(17,844)</u> | <u>396</u> |
| | At 1 January 2018 £ | Advances to directors £ | Repayments by director £ | At 31 December 2018 £ |
| 2018 | | | | |
| S D Cullen | <u>(2,995)</u> | <u>406,693</u> | <u>(322,713)</u> | <u>80,985</u> |
| F V Robson | <u>-</u> | <u>16,418</u> | <u>(7,311)</u> | <u>9,107</u> |

Where applicable, interest is accruing on the loans at the prevailing HMRC rates.

Solent Stevedores Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Expenditure with and payables to related parties

| | Joint ventures | Other related parties |
|----------------------------------|----------------|-----------------------|
| | £ | £ |
| 2019 | | |
| Rendering of services | 252,872 | 2,760,891 |
| Amounts payable to related party | <u>24,052</u> | <u>222,810</u> |
| | | |
| | Joint ventures | Other related parties |
| | £ | £ |
| 2018 | | |
| Rendering of services | 391,893 | 2,965,864 |
| Amounts payable to related party | <u>18,002</u> | <u>396,435</u> |

25 Financial instruments

Categorisation of financial instruments

| | 2019 | 2018 |
|---|------------------|------------------|
| | £ | £ |
| Financial assets that are debt instruments measured at amortised cost | 6,584,162 | 6,258,788 |
| | <u>6,584,162</u> | <u>6,258,788</u> |
| Financial liabilities measured at amortised cost | 4,341,087 | 4,459,869 |
| | <u>4,341,087</u> | <u>4,459,869</u> |

26 Parent and ultimate parent undertaking

The company's immediate parent is Cullen Group Limited, incorporated in England & Wales.

The most senior parent entity producing publicly available financial statements is Cullen Group Limited. These financial statements are available upon request from Freshford House, Redcliffe Way, Bristol, BS1 6NL.

The ultimate controlling party is S D Cullen, the director of Cullen Group Limited.