

Registered number: 07677779

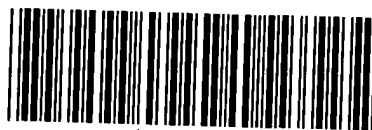
PNC Global Logistics Limited

Financial statements

Information for filing with the registrar

For the Year Ended 30 December 2019

TUESDAY



A9KXZWOX

A06

29/12/2020

#369

COMPANIES HOUSE

PNC Global Logistics Limited

Contents

	Page
Company Information	1
Balance Sheet	2
Notes to the Financial Statements	3 - 9

PNC Global Logistics Limited

Company Information

Directors

B Chaing
K Johnson

Registered number

07677779

Registered office

Springfield House
Springfield Road
Horsham
West Sussex
RH12 2RG

Independent auditors

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

PNC Global Logistics Limited
Registered number: 07677779

Balance Sheet
As at 30 December 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	3	-	549,595
Current assets			
Debtors	4	91,062	91,062
Cash at bank and in hand		10	-
Creditors: amounts falling due within one year	5	(619,575)	(619,565)
Net current liabilities		(528,503)	(528,503)
Net (liabilities)/assets		(528,503)	21,092
Capital and reserves			
Called up share capital	6	100	100
Profit and loss account		(528,603)	20,992
Total equity		(528,503)	21,092

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 December 2020.

Kevin Johnson

.....
K Johnson
Director
22/12/2020

The notes on pages 3 to 9 form part of these financial statements.

PNC Global Logistics Limited

Notes to the Financial Statements For the Year Ended 30 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:

Springfield House
Springfield Road
Horsham
West Sussex
RH12 2RG

The principal place of business is:

Paramount House
Delta Way
Egham
Surrey
TW20 8RZ

2. Accounting policies

2.1 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.

2.2 Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

2.3 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 financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

2.4 Group accounts not prepared

These financial statements present information about the company as an individual undertaking and not about its group. The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 and has not prepared group accounts.

2.5 Going concern

The directors have considered carefully the appropriateness of adopting the going concern basis of preparation for these accounts, particularly in the light of the impact of Covid-19 since the 30 December 2019 year end.

PNC Global Logistics Limited

Notes to the Financial Statements For the Year Ended 30 December 2019

2. Accounting policies (continued)

2.5 Going concern (continued)

The Company is part of a larger group, headed by Chaing Equities Limited (the Group) and the ability of the Company to continue as a going concern is linked to the health of the Group in general. The Company and Group has three primary sources of funding:

- Cash generated from the profits of the Group;
- Loans from shareholders / directors (which are subordinate to the bank funding described below); and
- Bank facilities provided by HSBC UK Bank plc.

Although each company handles its own cash and bank accounts on a day to day basis, the Group bank facilities and liquidity in general are managed centrally.

In considering the going concern basis of preparation, the directors have prepared a forecast model including monthly profit and loss accounts, balance sheets and cash flows for 2021, with an annual forecast for 2022 to 2024 thereafter. The forecast is built on a bottom up basis, company by company, and adopts 2020 as its base year. The results for 2020 are based on nine months of actual results (Q1 to Q3) and a forecast for Q4. As a result the base year reflects six months of actual Covid impacted results and 3 months of forecast results under similar conditions. Notwithstanding recent announcements about the prospects for possible vaccines, the forecast for 2021 assumes no significant improvement in conditions with regard to the continuing impact of Covid-19. Indeed, no significant growth is assumed generally. Our going concern assessment covers the 2021 being at least one from the date of our financial statements.

The Group as a whole has different lines of business and operates across several European countries. The effects of Covid-19 have been different across different countries and different business.

In our chemicals and materials business, there was a definite downturn in demand during the initial lockdowns across all territories and turnover fell significantly. Some customers were closed for a period of time and most saw their own customer demand fall, an effect that fed back through the supply chain. Turnover has improved somewhat since the tightest restrictions were lifted but remains well below historical levels and this is forecast to continue. This has been mitigated somewhat by an improvement in sales mix that has generated increased gross margins.

Our logistics businesses, which operate predominantly in the UK, have benefited from increased consumer demand online. As a result, this part of the group has enjoyed healthy trading conditions, indeed many of the companies in this part of the group have exceeded their initial budgets for 2020, budgets that were prepared before Covid was known.

All of our companies were able to trade throughout the Covid affected period and it is assumed that this will continue. No structural changes are required in order to achieve this.

With regard to bank facilities, these fall into two main categories:

- Invoice Finance facilities – these provide working capital funding for many of the Group companies, particularly those in the UK.
- Senior debt loan facilities that were used to fund previous acquisitions.

PNC Global Logistics Limited

Notes to the Financial Statements For the Year Ended 30 December 2019

2. Accounting policies (continued)

2.5 Going concern (continued)

The loan facilities are fully drawn, but the invoice finance facilities are not. Whilst the drawn balance on invoice finance facilities fluctuates according to need, those facilities have never been fully drawn and there is no expectation that they will be. This is supported by the forecasts, which assume no additional draw on these facilities and suggest that considerable headroom will remain available. Cash balances and availability against these facilities are actively monitored by Group management on a weekly basis. These consistently show availability in excess of £5m and often significantly more than that.

The bank facilities contain certain covenants. The principal covenants relate to leverage and debt services ratios that take a measure of EBITDA divided by debt and a measure of cash flow divided by debt service respectively. Our leverage must remain below 2.75x. Our cash flows must remain above 1.2x debt service requirements. These covenants have been met throughout 2020 and the forecasts indicate that they will continue to be met.

New and extended facilities on these terms were signed in December 2020 and secure funding for the group until Q1 2025.

In forming their conclusion the directors have also considered various alternative scenarios, principally incorporating unexpected falls in sales into the forecast. In all scenarios the forecasts show continued strong levels of cash, continuing availability against invoice finance facilities and covenant compliance. This also ignores any further mitigating actions that management could take if required, for example, further working capital management and/or cost reductions.

As a consequence the directors consider it appropriate to adopt the going concern basis for these accounts.

2.6 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.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.7 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

PNC Global Logistics Limited

Notes to the Financial Statements For the Year Ended 30 December 2019

2. Accounting policies (continued)

2.9 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.

2.10 Provisions

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

2.11 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 direct costs of issuing equity instruments.

2.12 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.

2.13 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.

2.14 Financial instruments

Classification

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.

Recognition and measurement

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

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

PNC Global Logistics Limited**Notes to the Financial Statements
For the Year Ended 30 December 2019****3. Fixed asset investments**

	Investments in subsidiary companies £
Cost or valuation	
At 31 December 2018	549,595
At 30 December 2019	549,595
Impairment	
Charge for the period	549,595
At 30 December 2019	549,595
Net book value	
At 30 December 2019	-
At 30 December 2018	549,595

PNC Global Logistics Limited**Notes to the Financial Statements
For the Year Ended 30 December 2019****4. Debtors**

	2019 £	2018 £
Amounts owed by group undertakings	71,762	71,762
Other debtors	19,300	19,300
	<u>91,062</u>	<u>91,062</u>

5. Creditors: Amounts falling due within one year

	2019 £	2018 £
Amounts owed to group undertakings	619,565	619,565
Other creditors	10	-
	<u>619,575</u>	<u>619,565</u>

6. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
90 (2018 - 90) Ordinary A shares of £1 each	90	90
10 (2018 - 10) Ordinary B shares of £1 each	10	10
	<u>100</u>	<u>100</u>

7. Financial commitments, guarantees and contingencies**Amounts not provided for in the balance sheet**

The total amount of contingencies not included in the balance sheet is £31,835,384 (2018: £30,283,115). The company has given cross guarantees to the group's bankers in respect of borrowings by certain group companies.

PNC Global Logistics Limited

Notes to the Financial Statements For the Year Ended 30 December 2019

8. Related party transactions

Summary of transactions with parent

Cathay Investments 2 Limited

At the balance sheet date the amount due from Cathay Investments 2 Limited was £71,762 (2018: £71,762).

Summary of transactions with other related parties

Cathay Investments Limited, group company

The company has given cross guarantees in respect of borrowings by Cathay Investments Limited and certain of its subsidiaries. The total amount of contingencies not included in the balance sheet is £19,696,065 (2018: £22,185,671).

The company has taken advantage of the exemption in Section 33 of FRS 102 "Related Party Disclosures" from disclosing transactions with other wholly owned members of the group.

9. Parent and ultimate parent undertaking and controlling party

The company's immediate parent company is Cathay Investments 2 Limited, incorporated in England and Wales.

The company's ultimate parent company is Chaing Equities Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is Chaing Equities Limited. These financial statements are available upon request from the registered office at Springfield House, Springfield Road, Horsham, West Sussex, RH12 2RG.

The ultimate controlling party is B Chaing, a director of the parent company, who with members of his close family, controls the company as a result of controlling, directly or indirectly, the majority of the issued share capital in the ultimate parent company.

10. Auditors' information

The auditors' report on the financial statements for the year ended 30 December 2019 was unqualified.

The audit report was signed on 22 December 2020 by Marc Summers BSc (Hons) FCA (Senior Statutory Auditor) on behalf of Grant Thornton UK LLP.