

Geodis Wilson UK Limited

Report and Financial Statements

31 December 2016



Directors

M Hansen
G Harries
G Kind
C Packwood

Company Secretary

G Harries

Independent Auditors

PricewaterhouseCoopers LLP
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

Bankers

HSBC
2nd Floor 62-76 Park Street
London
SE1 9DZ

Registered Office

LHR1
145 Faggs Road
Feltham
Middlesex
TW14 0LZ

Registered Number

621547 (England and Wales)

Strategic Report

Review of the business

2016 saw a significant step forward for the Geodis Wilson UK Ltd business with the addition of OHL UK Ltd into the business from 1 July. OHL UK Ltd has particular expertise in Air Export for the publishing and retail sectors and has added a significant customer base as seen in the increase in the financials over 2015. Significant management time has been absorbed in integrating OHL UK Ltd into the Geodis Wilson UK Ltd business but nevertheless we have still seen underlying growth in profit for the full year with benefit from targeted cost synergies realised.

As with prior years, the revenue was heavily impacted by freight rates, of which we have seen quite significant declines in recent times as ocean capacity in particular is high. The margin on net revenue has benefited from the profitable OHL UK Ltd air export business but again this has seen price pressure.

There has been no significant shift in the fundamental service offering to customers but the company has looked to develop customised solutions for customers where opportunities have arisen. The company has also continued to develop vertical market specialisms in line with the Geodis Group approach.

The company benefits from the support of the Geodis Group and its ultimate parent organisation, SNCF.

Future developments

The strategy for 2017 sees further integration of the OHL UK Ltd and Geodis Wilson UK Ltd business particularly across our product offering and operational footprint. The plan is to continue to grow market share with existing customers as well as to attract new profitable business. The company aims to further develop its vertical market specialisms with particular focus on industrial projects, fashion and lifestyle, publishing, automotive, pharmaceutical, aerospace and defence, marine logistics, FMCG, high tech and luxury goods.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in competitive and pricing risk, foreign exchange risk, interest rate cash flow risk, credit risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects of these risks on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Competitive and pricing risk

The freight forwarding industry continues to be an area of significant competition. The trend of pricing continues to be downward and as such gross margins need to be effectively managed to ensure continued profitability. Working closely with our partners is critical to maintain growth and profitability, by managing inventory levels and offering value added service to our customers. The company will also continue to look to manage margins by considering strategic product and market diversification.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

Liquidity risk

The company actively maintains a mixture of long-term and short-term finance that is designed to ensure the company has sufficient available funds for operations.

Interest rate cash flow risk

The company has both interest-bearing assets and interest-bearing liabilities, which are at floating rates based on LIBOR.

Strategic Report (Continued)

Foreign exchange risk

The company enters into foreign exchange transactions as a result of its operations. The directors do not consider the risk significant enough to necessitate the use of hedging instruments. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

| | 2016 £000 | 2015 £000 | Change |
|-------------------------------------|--------------|--------------|--------|
| Revenue | 109,043 | 85,423 | 28% |
| Loss for the financial year | (11,836) | (654) | 1710% |
| Total Shareholders' (deficit)/funds | (12,331) | 2,545 | -585% |

Position of the business

At 31 December 2016 the company had net liabilities of £12,331,000 (2015 net assets of: £2,545,000)

On behalf of the board



G Harries
Director

Directors' Report

The directors present their report and audited financial statements for the year ended 31 December 2016.

Results and dividends

The company's loss for the financial year amounted to £11,836,000 (2015: loss of £654,000), which will be transferred to reserves.

The directors do not recommend the payment of a dividend (2015: £nil).

Directors' and their interests

The directors, who held office during the year, and up to the date of signing the financial statements, were:

M Hansen

D James (resigned 5th December 2016)

M Stoekenbroek (resigned 5th December 2016)

N Billing (resigned 31st August 2016)

C Packwood (appointed 5th December 2016)

G Harries (appointed 5th December 2016)

G Kind (appointed 5th December 2016)

Acquisitions

On 28th June 2016, Geodis Wilson UK Limited acquired the share capital of OH Logistics International (UK) Limited for \$38,725,289. This resulted in an intercompany loan with OH Logistics International Holdings II B.V. (See note 11)

On 30th June 2016, Geodis Wilson UK Limited acquired the share capital of Activair (UK) Limited for £52,196,835. This resulted in an intercompany loan with OH Logistics International (UK) Limited. (See note 11)

In the year there was impairment losses of £5,586,000 recognised on Investments

Directors' qualifying third party indemnity provision

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report and was in force during the year.

Disabled Persons

The Company's policy is to give full and fair consideration to application for employment by disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the company.

Employees who become disabled are retained in their existing posts or suitable alternative posts where possible.

Employees

The company has developed its communications processes with its employees to ensure greater understanding of and involvement in the business. This has been achieved through the in house intranet system also known as Freight Net, regular departmental/management meetings and staff newsletters.

Employees receive information on matters concerning them as employees by the company's Human Resources department by either letters or memorandum. Also once a year employees have an individual employee performance appraisal.

Directors' Report (continued)

A staff committee has been introduced so that employees' views can be taken into account in decisions that are likely to affect their interest.

A performance plan is set out with clear objectives and KPIs for employees thus making a common awareness amongst all employees of the financial and economic factors affecting the performance of the company.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Société Nationale des Chemins de fer Français (SNCF). The directors have received confirmation that Société Nationale des Chemins de fer Français (SNCF) intend to support the company for at least one year after these financial statements are signed.

Independent Auditors

The auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors 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.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- They have taken all the 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.

Directors' Report (continued)

Statement of disclosure of information to auditors

Each of the persons who are a director at the date of approval confirms that:

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On behalf of the board

A handwritten signature in black ink, appearing to read 'G Harries', with a small dot at the end.

Gareth Harries
Director

Independent auditors' report to the members of Geodis Wilson UK Limited

Report on the financial statements

Our opinion

In our opinion, Geodis Wilson UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss 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.
-

What we have audited

The financial statements, included within the Annual Report and Financial statements (the "Annual Report"), comprise:

- the Balance sheet position as at 31 December 2016;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Independent auditors' report to the members of Geodis Wilson UK Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Alex Crompton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
18 September 2017

Financial Statements

for the year ended 31 December 2016

Profit and Loss account

| | | 2016 | 2015 |
|------------------------------------|------|----------|----------|
| | Note | £000 | £000 |
| Revenue | 2 | 109,043 | 85,423 |
| Cost of sales | | (83,926) | (66,835) |
| Gross profit | | 25,117 | 18,588 |
| Distribution Costs | | (21,586) | (10,123) |
| Administrative expenses | | (14,254) | (9,037) |
| Other operating income | | - | 66 |
| Finance Costs | 6 | (2,092) | (84) |
| Loss before taxation | 5 | (12,815) | (590) |
| Tax on loss | 7 | 979 | (64) |
| Loss for the financial year | | (11,836) | (654) |

All items dealt with in arriving at the activities before taxation relate to continuing operations.

Further comments on the profit and loss account line items are presented in the notes to the financial statements.

Balance Sheet

as at 31 December 2016

| | Note | 2016 £000 | 2015 £000 |
|---|------|------------------|----------------|
| Fixed assets | | | |
| Intangible assets | 8 | 43,558 | 3,958 |
| Investments | 22 | 75,140 | - |
| Property, plant and equipment | 9 | 1,773 | 1,497 |
| | | <u>120,471</u> | <u>5,455</u> |
| Current assets | | | |
| Trade Receivables | 10 | 25,503 | 17,603 |
| Cash | | 1,975 | 1,559 |
| | | <u>27,478</u> | <u>19,162</u> |
| Trade payables : amounts falling due within one year | 11 | (159,509) | (21,904) |
| Net current liabilities | | <u>(132,031)</u> | <u>(2,742)</u> |
| Total assets less current liabilities | | <u>(11,560)</u> | <u>2,713</u> |
| Provisions for liabilities | 12 | (771) | (168) |
| (Liabilities)/Assets | | <u>(12,331)</u> | <u>2,545</u> |
| Equity | | | |
| Called up share capital | 14 | 3,199 | 3,199 |
| Other reserves | | (3,040) | - |
| Profit and loss account | | (12,490) | (654) |
| Total shareholders' (Deficit)/ Funds | | <u>(12,331)</u> | <u>2,545</u> |

Further comments on the Statement of Financial Position items are presented in the notes to the financial statements.

The financial statements were approved by the Board of Directors on 18th September

Signed on behalf of the board of directors



G Harries
Director

Statement of changes in equity

For the year ended 31 December 2016

| | <i>Called up Share capital £000</i> | <i>Other reserves £000</i> | <i>Profit and loss account £000</i> | <i>Total shareholders' (deficit)/funds £000</i> |
|-----------------------------|---|------------------------------------|---|---|
| At 1 January 2015 | 4,700 | 11,000 | (15,501) | 199 |
| Recapitalisation | (1,501) | (11,000) | 15,501 | 3,000 |
| Loss for the financial year | - | - | (654) | (654) |
| At 31 December 2015 | 3,199 | - | (654) | 2,545 |
| Loss on acquisition | - | (3,040) | - | (3,040) |
| Loss for the financial year | - | - | (11,836) | (11,836) |
| At 31 December 2016 | 3,199 | (3,040) | (12,490) | (12,331) |

Other reserves consists of £3,040,000 being the amount recognised in respect of merger accounting (Note 21)

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies

Principal activities

The principal activity of the company is international freight forwarding by land, sea and air.

Company Information

Geodis Wilson UK Limited is a company domiciled in England and Wales, registration number 621547. The registered office is LHR1 145 Faggs Road, Feltham, Middlesex, TW14 0LZ.

Compliance with accounting standards

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102- 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102'), and with Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£).

Going concern

The directors have performed an assessment of the company's ability to continue as a going concern and have received written confirmation of financial support from the parent company for a period of at least 12 months from the date of approval of these financial statements by the board of directors. As such, these financial statements have been prepared on the going concern basis.

Business Combinations

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

Software development costs are recognised as an intangible asset.

Goodwill arising on acquisition represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Under the accounting standard FRS 102, Paragraph 19 (Goodwill and Intangible Assets), goodwill arising on acquisition has been capitalised and is being amortised on a straight-line basis.

| | |
|---------------------------------------|----------|
| ONH Ltd | 10 Years |
| Activair (UK) Ltd | 10 Years |
| Activair (UK) Ltd- Client Brokerage | 12 Years |
| Activair (UK) Ltd- Freight Forwarding | 5 Years |

This period of amortisation is the period over which the directors expect the value of the underlying business acquired to exceed the value of the underlying assets. Impairment reviews are carried out at the end of the first full year following acquisition and thereafter as appropriate. During an impairment review, when it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Property, plant and equipment

Property, plant and equipment are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

(i) Fixtures, fittings, tools and equipment

Fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Notes to the financial statements (continued)

For the year ended 31 December 2016

1. Accounting policies (continued)

(ii) Depreciation and residual values

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows

| | |
|--------------------------|--------------------------------|
| Short leasehold property | – over the period of the lease |
| Fixtures and Fittings | – 3 to 10 years |
| Motor vehicles | – 4 years |

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(iii) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Financial Instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Notes to the financial statements (continued)

For the year ended 31 December 2016

1. Accounting policies (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only 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 tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Leases

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date. The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Notes to the financial statements (continued)

For the year ended 31 December 2016

1. Accounting policies (continued)

(ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(iii) Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments. Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2016) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for freight forwarding services rendered, net of value added taxes. Revenue is recognised on date of arrival to or departure from the UK.

Defined contribution pension

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

Foreign currencies

(i) Functional and presentation currency

The company's functional and presentation currency is the pound sterling

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Notes to the financial statements (continued)

For the year ended 31 December 2016

Related party transactions

The company is a wholly owned subsidiary undertaking of Société Nationale des Chemins de fer Français (SNCF). As the company is included in the group financial statements of Société Nationale des Chemins de fer Français (SNCF), which are publicly available. The company has taken advantage of the exemption available under FRS 102, 'Related Party Disclosures', not to disclose transactions with entities that are part of the Geodis S.A. Group. There were no other related party transactions that require disclosure.

Cash flow statement

The company is a wholly owned subsidiary of Société Nationale des Chemins de fer Français (SNCF), and is included in the consolidated financial statement of Société Nationale des Chemins de fer Français (SNCF), which are publicly available. Accordingly, the company has taken advantage of the exemption available under FRS 102 (revised) not to present a cash flow statement.

Exemption from consolidation

The company is a wholly-owned subsidiary of Société Nationale des Chemins de fer Français (SNCF) and is included in the consolidated financial statements of Société Nationale des Chemins de fer Français (SNCF) which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Notes to the financial statements (continued)

For the year ended 31 December 2016

2. Revenue

Revenue by geographical destination is analysed below:

| | 2016 £000 | 2015 £000 |
|----------------|----------------|---------------|
| United Kingdom | 72,070 | 59,104 |
| Rest of Europe | 7,737 | 12,020 |
| Other | 29,236 | 14,299 |
| | <u>109,043</u> | <u>85,423</u> |

3. Directors' emoluments

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| Aggregate emoluments | 702 | 592 |
| Contributions to money purchase pension schemes | 47 | 39 |
| | <u>749</u> | <u>631</u> |

Retirement benefits are accruing to three directors under money purchase pension schemes (2015: four). There are no other retirement benefits accruing to directors.

Emoluments include amounts paid to:

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| <i>The highest paid director:</i> | | |
| Emoluments | 246 | 227 |
| Contributions under money purchase pension schemes | 6 | 10 |
| | <u>252</u> | <u>237</u> |

Two directors were not remunerated for their services to the company (2015: One).

Notes to the financial statements (continued)

For the year ended 31 December 2016

4. Employee information

| | 2016 £000 | 2015 £000 |
|-----------------------------------|---------------|--------------|
| Wages and salaries | 11,178 | 8,520 |
| Social security costs | 1,052 | 803 |
| Other pension costs (see note 16) | 330 | 286 |
| | <u>12,560</u> | <u>9,609</u> |

The monthly average number of persons employed by the company, excluding non-executive directors, during the year was:

| | 2016 Number | 2015 Number |
|----------------|----------------|----------------|
| Administrative | 73 | 65 |
| Operational | 254 | 185 |
| | <u>327</u> | <u>250</u> |

5. Loss before taxation

Loss before taxation is stated after charging

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| Staff costs (see note 4) | 12,560 | 9,609 |
| Depreciation - owned tangible assets | 375 | 358 |
| Auditors' remuneration - audit services | 61 | 33 |
| - non-audit services | - | 7 |
| Operating leases | 2,849 | 1,982 |
| Amortisation | 2,770 | 358 |
| Exchange loss | 2,175 | 91 |

6. Finance Costs

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Finance costs on loans from Group undertakings | 2,078 | 76 |
| Finance leases | 12 | 8 |
| Other Finance Costs | 2 | - |
| | <u>2,092</u> | <u>84</u> |

Notes to the financial statements (continued)

For the year ended 31 December 2016

7. Tax on loss

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| <i>Current tax:</i> | | |
| UK corporation tax on losses for the period | - | - |
| Adjustments in respect of previous periods | | 64 |
| Total current tax | - | 64 |
| <i>Deferred tax:</i> | | |
| Origination and reversal of timing differences | (898) | (48) |
| Effect of changes in tax rates | (81) | 48 |
| Total deferred tax (see note 15) | (979) | - |
| Total tax per Profit and Loss account | (979) | 64 |

The charge for the year can be reconciled to the loss per the Profit and Loss account as follows:

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| Loss before taxation - continuing operations | (12,815) | (590) |
| Loss before taxation multiplied by the standard rate of Corporation tax in the UK of 20% (2015: 20.25%) | (2,563) | (119) |
| <i>Effects of:</i> | | |
| Expenses not deductible for taxable purposes | 2,092 | 40 |
| Effects of group relief /other reliefs | 72 | - |
| Losses | - | 31 |
| Change in deferred tax not recognised | (499) | - |
| Adjustments in respect of previous years | - | 64 |
| Tax rate changes | (81) | 48 |
| Total tax charge/(credit) for the year | (979) | 64 |

Changes to the UK corporation tax rates were substantively enacted as part of Finance (No.2) Bill 2015 on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and then to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements (continued)

For the year ended 31 December 2016

8. Intangible assets

| | <i>Goodwill</i> | <i>Other</i> | <i>Software</i> | <i>Total</i> |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| <i>Cost:</i> | | | | |
| At 1 January 2016 | 6,673 | - | 212 | 6,885 |
| Additions | - | - | 133 | 133 |
| Acquisitions | 34,252 | 7,985 | - | 42,237 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 December 2016 | 40,925 | 7,985 | 345 | 49,255 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <i>Accumulated amortisation:</i> | | | | |
| At 1 January 2016 | 2,789 | - | 138 | 2,927 |
| Charge for the year | 2,155 | 556 | 59 | 2,770 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 December 2016 | 4,944 | 556 | 197 | 5,697 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <i>Net book value:</i> | | | | |
| At 31 December 2016 | 35,981 | 7,429 | 148 | 43,558 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 December 2015 | 3,884 | - | 74 | 3,958 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

9. Property, plant and equipment

| | <i>Short leasehold properties</i> | <i>Fixtures, fittings and equipment</i> | <i>Motor vehicles</i> | <i>Total</i> |
|----------------------------------|-----------------------------------|---|-----------------------|-------------------|
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| <i>Cost:</i> | | | | |
| At 1 January 2016 | 2,542 | 2,513 | 8 | 5,063 |
| Additions | 428 | 140 | 83 | 651 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 December 2016 | 2,970 | 2,653 | 91 | 5,714 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <i>Accumulated depreciation:</i> | | | | |
| At 1 January 2016 | 1,370 | 2,188 | 8 | 3,566 |
| Charge for the year | 192 | 176 | 7 | 375 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 December 2016 | 1,562 | 2,364 | 15 | 3,941 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <i>Net book value:</i> | | | | |
| At 31 December 2016 | 1,408 | 289 | 76 | 1,773 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 December 2015 | 1,172 | 325 | - | 1,497 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Notes to the financial statements (continued)

For the year ended 31 December 2016

10. Trade Receivables

| | 2016 £000 | 2015 £000 |
|------------------------------------|---------------|---------------|
| Trade receivables | 18,446 | 12,522 |
| Amounts owed by Group undertakings | 5,327 | 3,221 |
| Other debtors | 320 | 191 |
| Deferred tax asset (see note 15) | 431 | 431 |
| Prepayments and accrued income | 979 | 1,238 |
| | <u>25,503</u> | <u>17,603</u> |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

11. Trade payables

| | 2016 £000 | 2015 £000 |
|--------------------------------------|----------------|---------------|
| Trade payables | 17,703 | 5,926 |
| Amounts owed to Group undertakings | 134,910 | 10,034 |
| Finance Lease | 70 | 123 |
| Deferred tax liability (see note 15) | 618 | - |
| Accruals and deferred income | 6,208 | 5,821 |
| | <u>159,509</u> | <u>21,904</u> |

Group Cash Pool is included in amounts owed to group undertakings and amount to £1,627,000 and are computed at a market rate of 0.31% plus a margin of 0.65% and are repayable on demand. There are also group loans included in the group undertakings amounting to £127,571,000 which carry interest of 3.75% and LIBOR + 1%. The remaining amounts owed to group undertakings are unsecured, interest free and repayable on demand.

12. Provision for liabilities

| | |
|---------------------|------------|
| At 1 January 2016 | 168 |
| Charge to P&L | 603 |
| | <u>771</u> |
| At 31 December 2016 | 771 |

Provision for dilapidation is being charged to the P&L in accordance with property leases for repairs that will be required on termination of the agreement, this provision is being built up for various leases all with different expire dates.

A provision for an onerous lease has been recognised, this is for an office that has been closed, the lease is due to expire 1st August 2020.

Notes to the financial statements (continued)

For the year ended 31 December 2016

13. Financial Instruments

The company has the following financial instruments

| | 2016 £000 | 2015 £000 |
|---|----------------|---------------|
| <i>Financial Assets - measured at amortised cost</i> | | |
| Trade receivables | 18,446 | 12,522 |
| Amounts owed by Group undertakings | 5,327 | 3,221 |
| Other debtors | 320 | 191 |
| Deferred tax asset (see note 15) | 431 | 431 |
| | <u>24,524</u> | <u>16,365</u> |
| <i>Financial Liabilities - measured at amortised cost</i> | | |
| Trade payables | 17,703 | 5,926 |
| Amounts owed to Group undertakings | 134,910 | 10,034 |
| Finance Lease | 70 | 123 |
| Deferred tax liability (see note 15) | 618 | - |
| Accruals | 6,208 | 5,821 |
| | <u>159,509</u> | <u>21,904</u> |

14. Called up share capital

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| <i>Authorised:</i> | | |
| 4,700,000 ordinary shares of £1 each (2015: 3,199,000) | <u>3,199</u> | <u>3,199</u> |
| <i>Allotted, called up and fully paid:</i> | | |
| 4,700,000 ordinary shares of £1 each (2015: 3,199,000) | <u>3,199</u> | <u>3,199</u> |

Notes to the financial statements (continued)

For the year ended 31 December 2016

15. Deferred tax

| | <i>Asset recognised</i> | | <i>Asset not recognised</i> | |
|-------------------------------------|-------------------------|-------------|-----------------------------|----------------|
| | <i>2016</i> | <i>2015</i> | <i>2016</i> | <i>2015</i> |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Fixed assets | - | - | - | (684) |
| Timing differences - trading | - | - | (88) | (40) |
| Losses | 431 | 431 | (1,866) | (1,851) |
| | <u>431</u> | <u>431</u> | <u>(1,954)</u> | <u>(2,575)</u> |
| <i>Liability recognised</i> | | | | |
| | <i>2016</i> | <i>2015</i> | | |
| | <i>£000</i> | <i>£000</i> | | |
| Deferred tax arising on acquisition | (1,597) | - | | |
| Income tax for the period (Note 7) | 979 | - | | |
| | <u>(618)</u> | <u>-</u> | | |

16. Pension scheme

The company operates a Money Purchase Pension Scheme. The assets of the scheme are held and administered by The Standard Life Assurance Company. The total pension cost charge represents contributions payable by the company to the scheme and in the year amounted to £330,000 (2015: £286,000). There were no contributions outstanding or prepaid at 31 December 2016 (2015: £nil).

17. Leasing commitments

The company has commitments under non-cancellable operating leases as follows at 31 December:

| | <i>2016</i> | <i>2015</i> |
|---------------------------------------|--------------|--------------|
| | <i>£000</i> | <i>£000</i> |
| <i>Operating leases which expire:</i> | | |
| Within one year | 2,995 | 1,982 |
| Within two and five years | 4,054 | 4,344 |
| After five years | 2 | 38 |
| | <u>7,051</u> | <u>6,364</u> |

Notes to the financial statements (continued)

For the year ended 31 December 2016

18. Transactions with directors

| | 2016 £000 | 2015 £000 |
|---------------------------------|--------------|--------------|
| 1 January | - | 13 |
| <i>Loan Repayments Received</i> | - | (13) |
| | <hr/> | <hr/> |
| 31 December | - | - |
| | <hr/> | <hr/> |

The above loans were made to directors, and are undertaken at arm's length, at an interest rate of 4.5% pa and are charged on a flat rate basis.

19. Contingent liabilities

The company has given certain indemnities in respect of customs duties and freight charges totalling £1,608,000 (2015: £2,680,000), Community Transit which allows goods to move between two points within the UK or EU community without being subject to import duties and other charges, totalling to £1,500,000 (2015: £1,000,000) and International Air Transport Association (IATA) totalling to £2,384,756 (2015:nil).

20. Ultimate parent undertaking and controlling party

The immediate parent undertaking at the balance sheet date was Geodis International SA, a company registered in France. The ultimate parent undertaking and controlling party is Société Nationale des Chemins de fer Français (SNCF) an industrial and commercial public institution. SNCF is registered on the Register of Commerce of Paris no B.552.049.447, and whose Registered Office is at 37 rue du Commandant Mouchotte, 75014 France. Copies of consolidated financial statements can be obtained from the registered office above.

Statement of changes in equity

For the year ended 31 December 2016

| | <i>Called up Share capital £000</i> | <i>Other reserves £000</i> | <i>Profit and loss account £000</i> | <i>Total shareholders' (deficit)/funds £000</i> |
|-----------------------------|---|------------------------------------|---|---|
| At 1 January 2015 | 4,700 | 11,000 | (15,501) | 199 |
| Recapitalisation | (1,501) | (11,000) | 15,501 | 3,000 |
| Loss for the financial year | - | - | (654) | (654) |
| At 31 December 2015 | 3,199 | - | (654) | 2,545 |
| Loss on acquisition | - | (3,040) | - | (3,040) |
| Loss for the financial year | - | - | (11,836) | (11,836) |
| At 31 December 2016 | 3,199 | (3,040) | (12,490) | (12,331) |

Other reserves consists of £3,040,000 being the amount recognised in respect of merger accounting (Note 21)