# Geodis FF United Kingdom Ltd (formerly Geodis Wilson UK Limited)

**Report and Financial Statements**
31 December 2018

**Directors**
T Kraus
G Harries
Y Noyon
C Packwood

**Company Secretary**
G Harries

**Independent Auditors**
PricewaterhouseCoopers LLP
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

**Bankers**
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London
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**Registered Office**
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**Registered Number**
621547 (England and Wales)

# Strategic Report

## Review of the business

2018 was a positive year for the Geodis FF United Kingdom Ltd business with an improvement in the underlying profitability of the business. This was a result of such factors as better collaboration across the sites in the UK, changes in procurement with certain key suppliers, greater investment in our staff training and a focus on ensuring our pricing reflect the high service levels provided. The conditions faced in the global market continued to be mixed with pressure on freight rates particularly from core Air carriers given the increases in the cost of oil and hence fuel. In the UK, the continued expansion in e-commerce volumes and the tight delivery timeframe has added to the pressures on market capacity. Our customer base has been largely retained year over year and we have seen growth across a number of the larger accounts. During the year we completed the closure of our Liverpool based office and a restructuring of the Industrial Products business with a new office in Aberdeen opened to better align it to its core customer base.

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.

## Going Concern

As at 31 December 2018 the Company has net current liabilities of £29,358,000 (2017: £134,729,000).
The directors' consideration of the appropriateness of the going concern basis in preparing the financial statements is set out in note 1 to the financial statements.

## Future developments

The strategy for 2019 will see further operational consolidation of the Geodis FF United Kingdom Ltd business as a way to drive cost and service level efficiencies. The plan is to continue to grow market share with existing customers as well as to actively seek new profitable business. The company aims to further develop its vertical market specialisms with particular focus on publishing, pharmaceutical, FMCG, high tech and luxury goods across our key trade lanes. The company is taking steps to prepare itself for various BREXIT scenarios to ensure that service to our customers can be maintained and opportunities to provide more assistance can be realised.

## 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. The company will also continue to look to manage margins by considering strategic product and market diversification.

## Strategic Report (Continued)

***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. The company has in place credit insurance.

***Liquidity risk***

The company actively maintains a mixture of long-term and short-term intercompany/intergroup 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.

***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 complex hedging instruments. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

| | *2018* | *2017* | *Change* |
|---|---|---|---|
| | *£000* | *£000* | |
| Revenue | 127,083 | 124,218 | 2% |
| Loss for the financial year | (3,671) | (8,424) | 56% |
| Total Shareholders' funds/(deficit) | 4,074 | (20,755) | 120% |

***Key Performance Indicators***

The company has identified a number of key performance indicators as above that it monitors on a regular basis.

### Position of the business

At 31 December 2018 the company had net assets of £4,074,000 (2017 net liabilities of: £20,755,000)

On behalf of the board

G Harries
Director
10 may 2019

# Directors' Report

The directors present their report and audited financial statements for the year ended 31 December 2018.

## Results and dividends

The company's loss for the financial year amounted to £3,671,000 (2017: loss of £8,424,000), which will be transferred to reserves.
The directors do not recommend the payment of a dividend (2017: £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 (resigned 12 December 2018)
C Packwood
G Harries
G Kind (resigned 12 December 2018)
T Kraus (appointed 12 December 2018)
Y Noyon (appointed 12 December 2018)

## 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.

## Share Capital Increase

On the 21 December 2018, the Company issued shares and received consideration of £28,500,000 from the Company's immediate parent company, Geodis International S.A in the form of a subscription for Ordinary shares of £1 each ("Ordinary Shares") at par.

The Company then undertook a £23,958,628 reduction of capital to eliminate the deficit in the Company's Profit & Loss Account Reserve. The impact of the capital reduction was transferred to reserves and eliminated the deficits in both other reserves and the profit and loss reserve.

## 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 Sociètè Nationale des Chemins de fer Français (SNCF). The directors have received confirmation that Sociètè 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 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.
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 responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# 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

G Harries
Director
10 may 2019

# Independent auditors' report to the members of Geodis FF United Kingdom Ltd (Formerly known as Geodis Wilson UK Limited)

## Report on the audit of the financial statements

### Opinion

In our opinion, Geodis FF United Kingdom Ltd's (formerly Geodis Wilson UK Ltd) financial statements:
• give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
• have been properly prepared 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); and
• have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements, which comprise: the balance sheet as at 31 December 2018; the profit and loss account, the statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

ISAs (UK) require us to report to you when:
• 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.
We have nothing to report in respect of the above matters.
However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

### Reporting on other information

The other information comprises all of the information in the Report and Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Statement of Directors' Responsibilities, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.
Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

*Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Statement of Directors' Responsibilities for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Statement of Directors' Responsibilities.

# Independent auditors' report to the members of Geodis FF United Kingdom Ltd (Formerly known as Geodis Wilson UK Limited)

## Responsibilities for the financial statements and the audit

*Responsibilities of the directors for the financial statements*
As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

*Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

*Use of this report*
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.

## Other required reporting

**Companies Act 2006 exception reporting**
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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
• certain disclosures of directors' remuneration specified by law are not made; or
• the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Alex Crompton

Alex Crompton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
10 May 2019

# Financial Statements
## Profit and Loss account
**for the year ended 31 December 2018**

| | Note | 2018 £000 | 2017 £000 |
|---|---|---|---|
| ***Revenue*** | 2 | 127,083 | 124,218 |
| Cost of sales | | (99,957) | (98,328) |
| ***Gross profit*** | | 27,126 | 25,890 |
| Distribution Costs | | (24,451) | (25,514) |
| Administrative expenses | | (9,336) | (5,532) |
| Impairment of investments | 20 | (75,140) | - |
| Other operating income | | 434 | 133 |
| Finance Costs | 6 | (3,886) | (4,323) |
| Dividend Received | | 80,725 | - |
| ***Loss before taxation*** | 5 | (4,528) | (9,346) |
| Tax on loss | 7 | 857 | 922 |
| ***Loss for the financial year*** | | (3,671) | (8,424) |

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 2018**

| | Note | 2018 £000 | 2017 £000 |
|---|---|---|---|
| ***Fixed assets*** | | | |
| Intangible assets | 8 | 33,452 | 38,492 |
| Property, plant and equipment | 9 | 1,009 | 1,301 |
| Investments | 20 | - | 75,140 |
| | | 34,461 | 114,933 |
| ***Current assets*** | | | |
| Trade and other Receivables | 10 | 55,127 | 26,900 |
| Cash | | 1,020 | 776 |
| | | 56,147 | 27,676 |
| ***Trade payables*:** amounts falling due within one year | 11 | (85,505) | (162,405) |
| ***Net current liabilities*** | | (29,358) | (134,729) |
| ***Total assets less current liabilities*** | | 5,103 | (19,796) |
| ***Provisions for liabilities*** | 12 | (1,029) | (959) |
| ***Net Assets/(Liabilities)*** | | 4,074 | (20,755) |
| ***Equity*** | | | |
| Called up share capital | 14 | 7,740 | 3,199 |
| Other reserves | | - | (3,040) |
| Profit and loss account | | (3,666) | (20,914) |
| ***Total shareholders' funds/(deficit)*** | | 4,074 | (20,755) |

The notes on pages 13 to 25 form an integral part of these financial statements. The financial statements on pages 10 to 25 were approved by the Board of Directors on 10 May 2019

Signed on behalf of the board

G Harries
Director

Date: 10 May 2019

# Statement of changes in equity

**For the year ended 31 December 2018**

| | *Called up Share capital* *£000* | *Other reserves* *£000* | *Profit and loss account* *£000* | *Total shareholders' (deficit)/funds* *£000* |
|---|---|---|---|---|
| At 1 January 2017 | 3,199 | (3,040) | (12,490) | (12,331) |
| Loss for the financial year | - | - | (8,424) | (8,424) |
| At 31 December 2017 | 3,199 | (3,040) | (20,914) | (20,755) |
| Loss for the financial year | - | - | (3,671) | (3,671) |
| Share Capital increase/ Capital reduction | 4,541 | 3,040 | 20,919 | 28,500 |
| At 31 December 2018 | 7,740 | - | (3,666) | 4,074 |

# Notes to the financial statements

**For the year ended 31 December 2018**

## 1. Accounting policies

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

**Company Information**
Geodis FF United Kingdom Ltd is a company domiciled in England and Wales, registration number 621547. The registered office is LHR1 145 Faggs Road, Feltham, Middlesex, TW14 0LZ. Geodis FF United Kingdom Ltd is a private company limited by shares.

**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 (£).

**Accounting Policies**
The accounting policies applied below have been carried out consistently throughout the year, other than when new policies have been adopted.

**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.

| | |
|---|---|
| Goodwill | 10 Years |
| Other | 5 - 12 Years |
| Software | 3 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.

**Critical accounting judgements and estimation uncertainty**
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# Notes to the financial statements (continued)

**For the year ended 31 December 2018**

## 1. Accounting policies (continued)

**Key accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is addressed below.

i) Impairment of intangible assets and goodwill

Annually the company considers whether intangible assets and goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

**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.

(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'.

# Notes to the financial statements (continued)

**For the year ended 31 December 2018**

## 1. Accounting policies (continued)

**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.

(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.

# Notes to the financial statements (continued)

**For the year ended 31 December 2018**

## 1. Accounting policies (continued)

**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.

(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 Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

# Notes to the financial statements (continued)

**For the year ended 31 December 2018**

## 1. Accounting policies (continued)

**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.

**Related party transactions**

The company is a wholly owned subsidiary undertaking of Sociètè Nationale des Chemins de fer Français (SNCF). As the company is included in the group financial statements of Sociètè 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 Sociètè Nationale des Chemins de fer Français (SNCF). and is included in the consolidated financial statement of Sociètè 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 Sociètè Nationale des Chemins de fer Français (SNCF) and is included in the consolidated financial statements of Sociètè 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 2018**

## 2. Revenue

Revenue by geographical destination is analysed below:

| | 2018 £000 | 2017 £000 |
|---|---|---|
| United Kingdom | 66,429 | 69,411 |
| Rest of Europe | 15,967 | 11,418 |
| Africa | 2,047 | 1,997 |
| Asia | 14,761 | 14,533 |
| North America | 5,221 | 6,672 |
| South America | 950 | 1,226 |
| Oceania | 21,708 | 18,961 |
| | 127,083 | 124,218 |

All revenue is earned from Freight Forwarding.

## 3. Directors' emoluments

| | 2018 £000 | 2017 £000 |
|---|---|---|
| Aggregate emoluments | 540 | 458 |
| Contributions to money purchase pension schemes | 19 | 19 |
| | 559 | 477 |

Retirement benefits are accruing to two directors under money purchase pension schemes (2017: two). There are no other retirement benefits accruing to directors.

Emoluments include amounts paid to:

| | 2018 £000 | 2017 £000 |
|---|---|---|
| *The highest paid director:* | | |
| Emoluments | 382 | 323 |
| Contributions under money purchase pension schemes | 13 | 13 |
| | 395 | 336 |

Four directors were not remunerated for their services to the company (2017: Two).

# Notes to the financial statements (continued)

**For the year ended 31 December 2018**

## 4. Employee information

| | 2018 £000 | 2017 £000 |
|---|---|---|
| Wages and salaries | 12,498 | 12,638 |
| Social security costs | 1,225 | 1,294 |
| Other pension costs (see note 16) | 387 | 377 |
| | 14,110 | 14,309 |

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

| | 2018 Number | 2017 Number |
|---|---|---|
| Administrative | 69 | 73 |
| Operational | 282 | 295 |
| | 351 | 368 |

## 5. Loss before taxation

Loss before taxation is stated after charging

| | | 2018 £000 | 2017 £000 |
|---|---|---|---|
| Staff costs (see note 4) | | 14,110 | 14,309 |
| Depreciation | - owned tangible assets | 356 | 484 |
| Auditors' remuneration | - audit services | 46 | 46 |
| Operating lease rentals | | 2,379 | 2,933 |
| Amortisation | | 5,040 | 5,066 |
| Exchange loss | | 1,748 | 2,679 |
| Impairment Loss (see note 20) | | 75,140 | - |

## 6. Finance Costs

| | 2018 £000 | 2017 £000 |
|---|---|---|
| Finance costs on loans from Group undertakings | 3,858 | 4,309 |
| Finance leases | 4 | 12 |
| Other Finance Costs | 24 | 2 |
| | 3,886 | 4,323 |

# Notes to the financial statements (continued)

**For the year ended 31 December 2018**

## 7. Tax on loss

| | 2018 £000 | 2017 £000 |
|---|---|---|
| *Current tax:* | | |
| UK corporation tax on losses for the period | - | - |
| Adjustments in respect of previous periods | (383) | - |
| Total current tax | (383) | - |
| *Deferred tax:* | | |
| Origination and reversal of timing differences | (65) | (1,041) |
| Adjustments in respect of previous periods | (416) | (3) |
| Effect of changes in tax rates | 7 | 122 |
| Total deferred tax (see note 15) | (474) | (922) |
| Total tax credit per Profit and Loss account | (857) | (922) |

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

| | 2018 £000 | 2017 £000 |
|---|---|---|
| Loss before taxation - continuing operations | (4,528) | (9,346) |
| Loss before taxation multiplied by the standard rate of Corporation tax in the UK of 19.00% (2017: 19.25%) | (860) | (1,799) |
| *Effects of:* | | |
| Expenses not deductible for taxable purposes | 15,664 | (232) |
| Income not taxable | (15,338) | - |
| Effects of group relief /other reliefs | 55 | 397 |
| Adjustments in respect of previous periods | (799) | (3) |
| Tax rate changes | 7 | 122 |
| Movement on losses unrecognized | 414 | 593 |
| Total tax credit for the year | (857) | (922) |

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 2018**

## 8. Intangible assets

| | *Goodwill* | *Other* | *Software* | *Total* |
|---|---|---|---|---|
| | *£000* | *£000* | *£000* | *£000* |
| *Cost:* | | | | |
| At 1 January 2018 | 40,925 | 7,985 | 345 | 49,255 |
| Additions | - | - | - | - |
| Acquisitions | - | - | - | - |
| At 31 December 2018 | 40,925 | 7,985 | 345 | 49,255 |
| *Accumulated amortisation:* | | | | |
| At 1 January 2018 | 8,934 | 1,555 | 274 | 10,763 |
| Charge for the year | 3,990 | 999 | 51 | 5,040 |
| At 31 December 2018 | 12,924 | 2,554 | 325 | 15,803 |
| *Net book value:* | | | | |
| At 31 December 2018 | 28,001 | 5,431 | 20 | 33,452 |
| At 31 December 2017 | 31,991 | 6,430 | 71 | 38,492 |

## 9. Property, plant and equipment

| | *Short leasehold properties* | *Fixtures, fittings and equipment* | *Total* |
|---|---|---|---|
| | *£000* | *£000* | *£000* |
| *Cost:* | | | |
| At 1 January 2018 | 2,971 | 2,664 | 5,635 |
| Additions | - | 64 | 64 |
| Disposals | (14) | (198) | (212) |
| At 31 December 2018 | 2,957 | 2,530 | 5,487 |
| *Accumulated depreciation:* | | | |
| At 1 January 2018 | 1,796 | 2,538 | 4,334 |
| Disposals | (14) | (198) | (212) |
| Charge for the year | 273 | 83 | 356 |
| At 31 December 2018 | 2,055 | 2,423 | 4,478 |
| *Net book value:* | | | |
| At 31 December 2018 | 902 | 107 | 1,009 |
| At 31 December 2017 | 1,175 | 126 | 1,301 |

The cost of assets held under finance leases included within fixtures, fittings and equipment amounted to £211,388 (2017: £211,388 and accumulated depreciation on those assets amounted to £211,388 (2017: £211,388)

# Notes to the financial statements (continued)

**For the year ended 31 December 2018**

## 10. Trade and other Receivables

| | *2018* | *2017* |
|---|---|---|
| | *£000* | *£000* |
| Trade receivables | 2,813 | 17,976 |
| Amounts owed by Group undertakings | 49,290 | 6,163 |
| Other debtors | 671 | 335 |
| Deferred tax asset (see note 15) | 1,209 | 735 |
| Prepayments and accrued income | 1,144 | 1,691 |
| | 55,127 | 26,900 |

Group Cash Pool is included in amounts owed to group undertakings and amount to £42,273,000 (2017: £nil) and are computed at a market rate of 0.31% plus a margin of 0.65%. Other amounts owed by group undertakings are unsecured, interest free and repayable on demand.

## 11. Trade payables: amounts falling due within one year

| | *2018* | *2017* |
|---|---|---|
| | *£000* | *£000* |
| Trade payables | 12,295 | 9,130 |
| Amounts owed to Group undertakings | 64,474 | 141,695 |
| Finance Lease | - | 18 |
| Accruals and deferred income | 8,736 | 11,562 |
| | 85,505 | 162,405 |

Group Cash Pool is included in amounts owed to group undertakings and amount to £nil (2017: £4,313,000) 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 £56,597,000 (2017: £124,764,000) 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

| | *£000* |
|---|---|
| At 1 January 2018 | 959 |
| Utilised | (206) |
| Charge to profit and loss | 276 |
| At 31 December 2018 | 1,029 |

Provision for dilapidation is being charged to the profit and loss 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 expiry dates from 2019 to 2024.

# Notes to the financial statements (continued)

**For the year ended 31 December 2018**

## 13. Financial Instruments

The company has the following financial instruments

| | 2018 | 2017 |
|---|---|---|
| | £000 | £000 |
| *Financial Assets - measured at amortised cost* | | |
| Trade receivables | 2,813 | 17,976 |
| Amounts owed by Group undertakings | 49,290 | 6,163 |
| Other debtors | 671 | 335 |
| | 52,774 | 24,474 |
| *Financial Liabilities - measured at amortised cost* | | |
| Trade payables | 12,295 | 9,130 |
| Amounts owed to Group undertakings | 64,474 | 141,695 |
| Finance Lease | - | 18 |
| Accruals | 8,736 | 11,562 |
| | 85,505 | 162,405 |

## 14. Called up share capital

| | | 2018 | 2017 |
|---|---|---|---|
| **Allotted, called up and fully/paid:** | **Nominal Value** | £000 | £000 |
| Share capital issued | £1 | 7,740 | 3,199 |

On the 21 December 2018, the Company issued shares and received for £28,500,000 from the Company's immediate parent company, Geodis International S.A in the form of a subscription for Ordinary shares of £1 each ("Ordinary Shares") at par.

| Called Up Share Capital | 2018 | 2017 |
|---|---|---|
| | £000 | £000 |
| Ordinary shares of £1 each | 3,199 | 3,199 |
| Ordinary shares of £1 issued - 21 December 2018 | 28,500 | - |
| Ordinary shares of £1 cancellation - 21 December 2018 | (23,959) | - |
| | 7,740 | 3,199 |

The company was in a net liability position at the end of 2017 but in December 2018 the financial strength of the company was increased by the Geodis International S.A purchasing for cash £28,500.000 of new shares, this has resulted in a net asset position as at the end of 2018. This share issue was followed by a capital reorganisation where £23,959 were cancelled and moved to the profit and loss reserve.

# Notes to the financial statements (continued)

**For the year ended 31 December 2018**

## 15. Deferred tax

| | *Asset recognised* | | *Liability recognised* | |
|---|---|---|---|---|
| | *2018* | *2017* | *2018* | *2017* |
| | *£000* | *£000* | *£000* | *£000* |
| Fixed asset timing differences | 778 | 304 | - | - |
| Losses | 431 | 431 | - | - |
| | 1,209 | 735 | - | - |

| | *Asset* | *Liability* | *Total* |
|---|---|---|---|
| Balance at 1 January 2018 | 735 | - | 735 |
| Charged to P&L for the year | 474 | - | 474 |
| Transfer to asset | - | - | - |
| Balance at 31 December 2018 | 1,209 | - | 1,209 |

| | *Asset not recognised* | |
|---|---|---|
| | *2018* | *2017* |
| | *£000* | *£000* |
| Timing differences - trading | (128) | (141) |
| Losses | (2,591) | (2,397) |
| | (2,719) | (2,538) |

Deferred tax has been recognised as the directors are expecting to return to profitability in the future.

## 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 £387,000 (2017: £377,000). There were no contributions outstanding or prepaid at 31 December 2018 (2017: £nil).

## 17. Leasing commitments

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

| | *2018* | *2017* |
|---|---|---|
| | *£000* | *£000* |
| *Operating leases which expire:* | | |
| Within one year | 3,087 | 2,933 |
| Within two and five years | 6,230 | 1,044 |
| After five years | - | - |
| | 9,317 | 3,977 |

# Notes to the financial statements (continued)

**For the year ended 31 December 2018**

## 18. Contingent liabilities

The company has given certain indemnities in respect of customs duties and freight charges totalling £1,160,000 (2017: £1,160,000). 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 nil (2017: nil) and International Air Transport Association (IATA) totalling to £6,126,000 (2017: £5,359,000).

## 19. 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 Sociètè 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.

## 20. Investments

| | *2018* | *2017* |
|---|---|---|
| | *£000* | *£000* |
| Cost at 1 January | 81,026 | 81,026 |
| Additions | - | - |
| Cost at 31 December | 81,026 | 81,026 |
| Impairment at 1 January | (5,886) | (5,886) |
| Impairment recognised | (75,140) | - |
| Impairment at 31 December | (81,026) | (5,886) |
| Net book value at 31 December | - | 75,140 |

The investments have been written down to nil following the liquidation of the subsidiary entries which paid a dividend immediately before the liquidation which offsets this impairment loss.

The above investments relate to the following entities:

| *Entity* | *Holding* | *Activity* | *Address* |
|---|---|---|---|
| OH Logistics International (UK) Limited | 100% | Freight Forwarding | *Unit 1 Action Court, Ashford Road, Ashford TW15 1XS* |
| Activair (UK) Limited | 100% | Freight Forwarding | *Unit 1 Action Court, Ashford Road, Ashford TW15 1XS* |