

Company Registration Number 01355753

REDHEAD FREIGHT LIMITED  
ANNUAL REPORT  
31 DECEMBER 2019



**ArmstrongWatson®**  
Accountants, Business & Financial Advisers

## **REDHEAD FREIGHT LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	P A Suggitt M S Cosgrove
<b>Company secretary</b>	K M Shackleton
<b>Registered number</b>	01355753
<b>Registered office</b>	Woodroyd Industrial Estate Dealburn Road Low Moor Bradford BD12 0RG
<b>Independent auditors</b>	PriceWaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Central Square 29 Wellington Street Leeds LS1 4DL
<b>Bankers</b>	Yorkshire Bank Plc Kingsgate House Canal Road Bradford BD1 4SJ  Deutsche Bank AG London Winchester House 1 Great Winchester House London EC2N 2DB

## **REDHEAD FREIGHT LIMITED**

### **CONTENTS**

	<b>Pages</b>
<b>Strategic report</b>	<b>1 - 4</b>
<b>Directors' report</b>	<b>5 - 8</b>
<b>Independent auditors' report</b>	<b>9 - 11</b>
<b>Statement of comprehensive income</b>	<b>12</b>
<b>Statement of financial position</b>	<b>13</b>
<b>Statement of changes in equity</b>	<b>14</b>
<b>Notes to the financial statements</b>	<b>15 - 32</b>

**REDHEAD FREIGHT LIMITED**

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Introduction**

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

The principal activity of the company continued to be that of a logistics provider. The main activity being the provision of groupage transport services, storage and ancillary activities. Redhead continues to operate as part of the global Schenker network, whilst retaining its own identity.

The Head Office is located in Bradford and there are operations based in Basildon, Cumbernauld, Immingham, Manchester, Nuneaton, Newtownabbey and Dublin.

The company has reported a net loss in 2019 of £817k (2018 : £332k) for the financial year.

**Business review**

The company's main services provision is that of daily departures to and from the whole of Europe and deliveries throughout the UK.

The company also operates a storage, pick and pack and distribution service.

*Development and financial performance during the year*

As reported in the company's Statement of Comprehensive Income, revenue for the year is £68,027k compared to £66,085k for the previous period.

Loss is reported at £817k compared to the loss of £332k for the period to 31 December 2018.

The continued Gross Profit improvement from operational efficiencies and tight cost control resulted in a 0.9% increase in GP margin, however increased operational challenges led to admin costs rising 10.5% and overall staff costs increased 5.5% through staff average FTE increasing 4.7%.

*Financial position at the reporting date*

Due to the loss for the year, the Balance Sheet reports that the company's net assets have decreased from £4,168k to £3,351k.

Central financing from Deutsche Bahn AG is included in Creditors due within one year, due to it being repayable on demand.

**REDHEAD FREIGHT LIMITED**

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Principal risks and uncertainties**

Deutsche Bahn AG has a group risk management function and the Company is required to prepare a detailed risk evaluation annually for all key risk areas. The principal risks facing the Company are broadly grouped as UK EU Trade Deal, Covid 19, financial risks, and competitive risk. See page 6 to 8 of the Directors' Report for further detail regarding financial risks.

Competitive risk

The principal competitive risks the Company faces as a freight distribution business are from other large multi nationals chasing market share in a highly competitive marketplace. The Company works closely with the wider Group to mitigate the impact of these risks on the business.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and price risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The policies set by the board of directors are reviewed and implemented by the company's finance department. The department has specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Credit checks are carried out through an external credit reporting agency.

Liquidity risk

The company actively maintains available group and external short term lines of credit and regular cash flow forecasts are made to ensure the company has sufficient available funds for operations and planned expansions.

Price risk

The company is exposed to primarily fuel price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits.

The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity. The company holds bank accounts in Euro and US Dollar for receipt and payment of transactions in these currencies. Purchase of required funds and sale of excess funds in these currencies are transacted through Deutsche Bahn AG treasury department.

Competitive risk

The principal competitive risks the company faces are from other large multi nationals chasing market share in slow growing or flat market segments and fierce price competition. The company has developed strong relationships with customers through excellent service levels which protect the business against competitors and also work closely with Group to mitigate the impact of these risks.

Brexit risk

Brexit continues to be a concern and poses certain business risks at a number of levels. The UK-EU trade deal has resulted in a slowing of the flow of goods during the first quarter of 2021 due to lack of confidence from exporters to Europe and the procedural requirements for Import clearances, creating doubt around short to medium term business growth.

**REDHEAD FREIGHT LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Financial key performance indicators**

Management use a range of performance measures to monitor and manage the business. The key financial performance indicators are as follows:

Profitability ratios:

Gross profit margin

Net profit margin

Return on capital employed

Liquidity ratios:

Current ratio

Activity ratios:

Debtor and creditor days

Capital ratios:

Gearing

Interest cover

**Other key performance indicators**

The key non financial performance indicators are as follows:

Consignment volumes

Consignment weights

Consignment revenues

Customer spend

Customer gross profit

Service levels

REDHEAD FREIGHT LIMITED

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

**Directors' statement of compliance with duty to promote the success of the Company**

Section 172 (1) Statement

The disclosures in the Stakeholder Engagement in the Directors Report describe how the Directors have had regard to the matters set out in section 172(1)(a) to (f) and form the Directors' statement required under section 414CZA of the Companies Act 2006. The Company's principal activities are Freight Distribution and logistics throughout the UK and Europe. The information regarding our assessment of environmental and community issues associated with our operations, including how we maximise our positive impacts and minimise the negative impacts, is reported to and complied with in the relevant jurisdictions.

UK EU Trade Deal

As part of the ongoing Brexit process, the UK formally left the European Union on January 31st, 2020. At that point, the UK and the EU entered a formal transition period of 11-months through to December 31st 2020, with the expected trade agreement between the UK and the EU to be negotiated through this transition period becoming effective from January 1st, 2021.

The successful conclusion of a negotiated trade deal between the UK-EU by December 31st, 2020 was expected to alleviate certain business risks. This has still resulted in significant disruption to company supply chains due to complex goods clearance requirements, resulting in significant investment in staff and additional warehouse space - bringing negative pressures on revenues and costs.

The UK-EU trade deal has resulted in a slowing of the flow of goods during the first quarter of 2021 due to lack of confidence from exporters to Europe and the procedural requirements for Import clearances, creating doubt around short to medium term business growth.

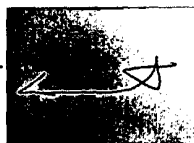
Covid - 19

The sudden arrival of Covid-19 in early 2020 to Europe has had an immediate negative impact of significant proportions across all European economies with the effective closure of country borders and Government imposed social distancing and business suspensions across all non-critical business sectors. This experience extends to the UK and will impact business volumes and profitability in the short-medium term across all segments of the UK economy.

Our company trades within all business sectors of the UK economy delivering critical supply chain solutions via road transport. The business saw reduced trading volumes through Q2 and Q3 of 2020, resulting in declines in earnings through these periods, a return to pre-Covid-19 profitability was achieved in Q4. The impact of Covid-19 has not proven measurable into Q1 2021 due to the negative impact of The UK-EU trade deal on the business. The adverse downturn in profits (and resulting cash flows) are adequately supported by existing working capital facilities and the strength of our parent Schenker AG and our ultimate controlling company Deutsche Bahn AG. The Company works closely with the wider Group to mitigate the impact of these risks on the business.

This report was approved by the board and signed on its behalf.

.....  
K M Shackleton  
Secretary



2021.05.25  
10:41:39  
+01'00'

Date:

## REDHEAD FREIGHT LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

On 30 June 2021 the trade and assets of the company will be hived into a fellow group company. Following that the company will be non-trading. The directors do not intend to acquire an alternative trade for the Company and intend to liquidate, as such the accounts have not been prepared on a going concern basis. The effect of this has been detailed in note 1.

#### Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Results and dividends

The loss for the year, after taxation, amounted to £817,370 (2018 - loss £331,513).

No dividends have been declared for the year ended 31 December 2019.

#### Directors

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

P A Suggitt  
M S Cosgrove  
P A Baxter (resigned 26 January 2021)  
R M Cockroft (resigned 30 April 2020)



## **REDHEAD FREIGHT LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **Future developments**

For 2020 and beyond, our primary business focus remains on profitable growth, developing service levels and continuing to build our customer base within the UK and International marketplace.

Continued investment in facilities, information systems and FTE resourcing within all business categories support and enhance the Company's 2020 business plan for further growth in market share and the resulting improved financial performance.

The operational strategy of the Company is closely aligned to the strategy of the Schenker Group and our ultimate parent, Deutsche Bahn AG. Business and operational plans are created per business area with the support of the Schenker AG Group outlining the key initiatives for short, medium and long-term development and growth.

The Company had no external debt at the beginning or end of the year. The Company's primary business exposure is the Covid-19 pandemic and Brexit discussed above under Principal risks and uncertainties. Despite the difficult economic conditions that Covid-19 poses we continue to have low bad debt experience due to good credit management practices.

In February 2020, Schenker AG assumed 100% control of Redhead Holdings, the 100% shareholder of Redhead Freight. The original management team remain within the business.

In October 2020 Schenker Limited purchased the shares in Redhead Holdings with the view to integrate the Redhead Land transport business and its associated assets during 2021/2022 and subsequently to liquidate the two Redhead entities. The accounts have been prepared accordingly under a breakup basis.

At the time of approving the financial statements, this transaction remains on hold as the business focuses on the challenges created by Brexit.

PA Baxter resigned as Director on 26th January 2021.

#### **Matters covered in the Strategic Report**

Information is not shown in the Directors' Report because it is shown in the Strategic Report instead under s414C (11) of the Companies Act. The Strategic Report includes a business review, principal risks and uncertainties and financial key performance indicators.

#### **Company's policy for payment of creditors**

It is the Company's policy in respect of suppliers to negotiate appropriate credit terms and to agree payment terms in advance of the supply of services and to adhere to those payment terms. Trade creditors at the year-end represented 37 days (2018 - 31 days) purchases.

#### **Engagement with employees**

2019 saw the launch of our Global HR Strategy and UK People Vision, a compelling plan setting out the steps needed to inspire the people who work with us to be their best and make a real difference to shaping the way the world connects.

Our objective is to build an environment where everyone can thrive; an environment that puts customers and our employees at the heart of everything we do. The enthusiasm and energy of everyone working in our sites and support areas is critical to this. We need to engage with them on an emotional level, so they truly understand the importance of their role in helping us achieve our vision.

Employees are kept well informed about the progress and development of the Company including financial and economic factors impacting the performance of the Company through meetings, newsletters, the intranet and other communications. Employees are encouraged to provide feedback and suggestions through their managers, pulse surveys and a bi-annual employee survey.

## **REDHEAD FREIGHT LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **Inclusive Employer**

Being an inclusive employer is fundamental to creating an environment where we can all thrive at work. The ability to balance work and life, including managing caring responsibilities, is one of the major perceived barriers to entry to senior roles. We want to ensure all our employees have equal opportunities to achieve their ambitions and reach their full potential. We have now begun to explore what more we can do to ensure we embed equality, diversity and inclusion in our everyday practices.

#### **Employment of disabled persons**

The Company recognises it has clear obligations towards all its employees and the community at large, to ensure that people with disabilities are afforded equal opportunities to enter employment and progress within the Company. The Company policy, regarding the employment of disabled people, is to give each applicant full and fair consideration having regard to their particular aptitudes and abilities. When employees become disabled in the course of their employment, reasonable steps are taken, to accommodate their disability by making adjustments to their existing employment or redeployment and, through appropriate retraining, to enable employees to remain in employment with the Company.

#### **Stakeholder Engagement**

##### **Shareholders**

Redhead Freight Limited's parent is Redhead Holdings Limited which in turn is owned by Schenker Limited and our ultimate controlling company is Deutsche Bahn AG. Schenker AG as the major shareholder, provides the funding, strategic framework and structure for Redhead Freight Limited to reach its true potential. Schenker AG expects Redhead Freight Limited to meet the highest corporate governance standards and deliver on the overall group strategy. It takes a long term view on its investments.

Redhead Freight Limited adheres to strict rules of procedure prescribed by the shareholder to ensure good corporate governance. It ensures all employees are trained in compliance topics such as anti-trust, conflict of interest and the giving/receiving of benefits. The shareholder carries out regular audits to validate compliance with rules of governance and trade compliance.

##### **Governments and regulators**

Redhead Freight Limited recognises the vital importance of complying with country regulations and engaging with government agencies. We must comply with all regulations in order to be allowed operations in our sector, to protect the good name of the company and of course avoid penalties.

As a company we have open and active engagement with HMRC. We have training programmes in place to ensure our staff are trained on key regulatory areas such as customs procedures. Corporation tax, VAT, and income taxes are always paid on time. We are subject to regular audits to validate our strict compliance to government regulations.

##### **Workforce**

See Directors Report pages 5 to 8.

##### **Customers**

Redhead Freight Limited has a wide and loyal customer base. Successful growth and achievement of targets is dependent on meeting our customers needs. We pride ourselves on our premium product offering and delivery of transportation services at an optimum price point.

The sales team is highly organised and focussed on understanding the customer needs. We constantly review the quality of our service delivery through regular customer reviews, customer surveys and direct feedback. We strive to achieve the best price for our customers through the scale and purchasing power of our global network. Our pricing is regularly reviewed with our customers.

**REDHEAD FREIGHT LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

During March 2020 the global pandemic COVID-19 outbreak has had a significant impact on the worldwide economy. The directors are aware of the effects that this may subsequently have on the company and have reviewed and adopted the relevant operational strategies in order to safeguard the business for the ensuing 12 months.

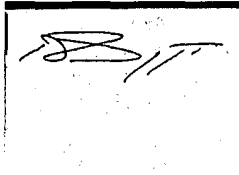
In preparing the financial statements the directors have considered the impact of the COVID-19 pandemic on certain disclosures and on the measurement of certain account balances. Since the first known cases of COVID-19 and the subsequent lockdown of the UK economy did not arise until after the year end, the directors, in line with relevant guidance, consider the COVID-19 to be a non-adjusting post balance sheet event.

On 30 November 2020, the Company extended the 31 December 2020 accounting period to 30 June 2021.

**Independent Auditors**

The auditors, PriceWaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 487(2) of the Companies Act 2006

The financial statements on pages 12 to 32 were approved by the Board of Directors on 25/5/21 and signed on its behalf by:



**P A Suggitt**  
Director

# ***Independent auditors' report to the members of Redhead Freight Limited***

## **Report on the audit of the financial statements**

---

### **Opinion**

In our opinion, Redhead Freight Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 101 "Reduced Disclosure Framework", 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 Annual Report, which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

---

### **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.

---

### **Emphasis of matter - financial statements prepared on a basis other than going concern**

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2.3 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

---

### **Reporting on other information**

The other information comprises all of the information in the Annual Report 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 Directors' Report, 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 Directors' Report for the year ended 31 December 2019 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 Directors' Report.

---

## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' responsibilities statement, 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](http://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

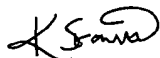
---

### 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.



Kevin Strauther (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
25 May 2021

**REDHEAD FREIGHT LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	68,027,379	66,085,547
Cost of sales		<u>(53,668,666)</u>	<u>(52,760,701)</u>
<b>Gross profit</b>		<b>14,358,713</b>	<b>13,324,846</b>
Administrative expenses		<u>(15,133,138)</u>	<u>(13,695,108)</u>
Other operating income	5	<u>142,613</u>	<u>117,935</u>
<b>Operating loss</b>	6	<b>(631,812)</b>	<b>(252,327)</b>
Interest payable and similar expenses	9	<u>(185,558)</u>	<u>(79,186)</u>
<b>Loss before tax</b>		<b>(817,370)</b>	<b>(331,513)</b>
Tax on loss	11	<u>-</u>	<u>-</u>
<b>Loss for the financial year</b>		<b><u>(817,370)</u></b>	<b><u>(331,513)</u></b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 15 to 32 form part of these financial statements.

**REDHEAD FREIGHT LIMITED**  
**REGISTERED NUMBER: 01355753**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	12	2,703,919	900,805
Investments	13	25,250	25,250
		<u>2,729,169</u>	<u>926,055</u>
<b>Current assets</b>			
Stocks	14	23,406	23,893
Debtors: amounts falling due within one year	15	19,362,397	19,520,924
Cash at bank and in hand	16	71,473	1,576
		<u>19,457,276</u>	<u>19,546,393</u>
Creditors: amounts falling due within one year	17	(17,315,768)	(16,298,314)
<b>Net current assets</b>		<u>2,141,508</u>	<u>3,248,079</u>
<b>Total assets less current liabilities</b>		<u>4,870,677</u>	<u>4,174,134</u>
Creditors: amounts falling due after more than one year	18	(1,513,913)	-
		<u>3,356,764</u>	<u>4,174,134</u>
<b>Provisions for liabilities</b>			
Deferred Taxation	19	(6,069)	(6,069)
		<u>(6,069)</u>	<u>(6,069)</u>
<b>Net assets</b>		<u>3,350,695</u>	<u>4,168,065</u>
<b>Capital and reserves</b>			
Called up share capital	20	123,602	123,602
Capital redemption reserve	21	33,398	33,398
Profit and loss account	21	3,193,695	4,011,065
<b>Total shareholders' funds</b>		<u>3,350,695</u>	<u>4,168,065</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....  
**P A Suggitt**  
 Director  
 Date: 2021.05.25  
 10:45:25  
 +01'00'



The notes on pages 15 to 32 form part of these financial statements.



**REDHEAD FREIGHT LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2018</b>	123,602	33,398	4,342,578	4,499,578
<b>Comprehensive expense for the year</b>				
Loss for the year	-	-	(331,513)	(331,513)
<b>At 31 December 2018</b>	123,602	33,398	4,011,065	4,168,065
<b>Comprehensive expense for the year</b>				
Loss for the year	-	-	(817,370)	(817,370)
<b>At 31 December 2019</b>	123,602	33,398	3,193,695	3,350,695

The notes on pages 15 to 32 form part of these financial statements.

## REDHEAD FREIGHT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. General information

Redhead Freight Limited operates from its registered office of Woodroyd Industrial Estate, Dealburn Road, Low Moor, Bradford, BD12 0RG.

The company is a limited liability company by shares incorporated and domiciled in the United Kingdom. The company is a tax resident in the United Kingdom.

The principal activity of the company remains unchanged and continues to be that of a logistics provider with the main activity being the provision of groupage transport services, storage and ancillary activities.

Following the decision to transfer the trade and assets out of the company in Q1 2022, the company will cease to trade. As the directors do not intend to acquire an alternative trade and intend to liquidate the company, these accounts have not been prepared on a going concern basis. No material adjustments were necessary to the amounts at which the net assets are included in these financial statements to reflect differences between the book value and its amounts expected to be realised for assets or incurred as liabilities. The company considers due to group support that it has sufficient funds to settle any future liabilities as they fall due.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

## REDHEAD FREIGHT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. Accounting policies (continued)

##### 2.3 Going concern

Following the decision to transfer the trade and assets out of the company in Q1 2022, the company will cease to trade. As the directors do not intend to acquire an alternative trade and intend to liquidate the company, these accounts have not been prepared on a going concern basis and as such the financial statements have been prepared on the break up basis.

##### 2.4 Foreign currency translation

The Company's functional and presentational currency is GBP.

###### 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 year end exchange 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.

##### 2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

###### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with when goods are delivered when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- the costs incurred and the costs to complete the contract can be measured reliably.

##### 2.6 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## REDHEAD FREIGHT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. Accounting policies (continued)

##### 2.7 New standards, amendments and IFRIC interpretations

**Standards, revisions of standards and interpretations which are the subject of mandatory first-time adoption for reporting periods from January 1, 2019 onwards**

In the year under review, the financial statements took account of all new and revised standards and interpretations which are the subject of mandatory first-time adoption starting on or after 1 January 2019, which are relevant for Redhead Freight Limited and which have not been the subject of early adoption in previous periods. The changes to the standards have been recognized in accordance with the transitional regulations. The relevant new standards, clarifications and interpretations which are significant for the Company are as follows:

**IFRS 16: "Leases" (published January 2016; applicable for reporting periods from January 1, 2019 onwards)**

IFRS 16 governs the way in which leases are recognized. Accordingly, from the point of view of the lessee, a right to use an asset has to be capitalized for every lease arrangement, and the corresponding obligation to pay lease installments has to be capitalized as a liability.

In the case of leases for assets of low value and for short-term leases with a term of 12 months or less, IFRS 16 provides for exemptions which, have been utilized by the Company. The accounting regulations for lessors on the other hand remain essentially unchanged. Redhead Freight Limited applied IFRS 16 for the first time as of January 1, 2019, using the modified retrospective method. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

In the case of leases which were active at the time of first-time adoption and which were classified as operating leases under IAS 17, lease liabilities are shown and, in the amount of the remaining lease payments, are discounted with the Deutsche Bahn incremental borrowing rate at the time of first-time adoption. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 1.92%.

The initial carrying amount of the right-of-use comprises the amount of the lease liability and any accrued income. On the other hand, deferred income recognized for leases reduce the carrying amount of the right-of-use. For the first-time adoption of IFRS 16, Redhead Freight Limited participated in the Deutsche Bahn group wide project in which all leases which are affected by the changeover are collated, and evaluated in in-house software. See note 10 for further details of the adoption of IFRS 16.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the company.

##### 2.8 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

## REDHEAD FREIGHT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. Accounting policies (continued)

##### 2.9 Pensions

###### Defined contribution pension plan

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 in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

##### 2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

##### 2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

## REDHEAD FREIGHT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. Accounting policies (continued)

##### 2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long Term Leasehold Property	- 10% straight line
Plant and machinery	- 10% straight line
Motor vehicles	- 4-7 years or over the length of the lease
Fixtures and fittings	- 10% or 20% straight line
Computer equipment	- 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

##### 2.12 Consolidation

The Company has a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

The results of the company are included in the group financial statements of Deutsche Bahn AG which are publicly available (see note 23). These financial statements are separate financial statements.

##### 2.13 Valuation of investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

##### 2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

## **REDHEAD FREIGHT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **2. Accounting policies (continued)**

##### **2.15 Debtors**

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

##### **2.16 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **2.17 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### **2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

## REDHEAD FREIGHT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. Accounting policies (continued)

##### 2.19 Leasing and hire purchase commitments

As explained in notes 2.7 and 10, the company has changed its accounting policy for leases where the company is the lessee. The impact of the change is explained in note 10. Prior to this change, leases of property, plant and equipment where the company, as lessee, had substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The company leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 5 years but may have extension options.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are



## REDHEAD FREIGHT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. Accounting policies (continued)

leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

##### 2.20 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

##### Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

##### Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

##### Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

##### Financial liabilities

##### Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

##### At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

# REDHEAD FREIGHT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 2. Accounting policies (continued)

#### 2.20 Financial instruments (continued)

#### 2.21 Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual related results.

The directors consider the key estimates to be the useful life of assets and provision for trade receivables. These are reviewed on a regular basis for reasonableness.

The directors consider the key judgement to be the preparation of the financial statements on a basis other than Going Concern.

### 4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	43,592,569	45,451,864
Rest of Europe	24,144,145	20,419,231
Rest of the world	290,665	214,452
	<u>68,027,379</u>	<u>66,085,547</u>

### 5. Other operating income

	2019 £	2018 £
Other operating income	142,613	117,935
	<u>142,613</u>	<u>117,935</u>

# REDHEAD FREIGHT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 6. Operating loss

The operating loss is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	927,862	273,426
Exchange differences	80,605	(73,477)
Other operating lease rentals	2,164,345	1,971,056
Fees payable to the company's auditors and its associates for the audit of the company's annual financial statements	44,000	42,000
Defined contribution pension cost	385,134	342,058
Cost of sales recognised as an expense	50,655,452	49,817,920

Fees of £5k were paid to the auditors for non-audit services provided during the year.

### 7. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	11,040,710	10,393,378
Social security costs	740,059	795,178
Cost of defined contribution scheme	385,134	342,058
	12,165,903	11,530,614

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Administration	241	233
Drivers	36	32
Warehouse	96	91
Directors	4	4
	377	360

**REDHEAD FREIGHT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**8. Directors' remuneration**

	2019 £	2018 £
Directors' emoluments	666,126	645,536
Company contributions to defined contribution pension schemes	148,310	96,369
	<u>814,436</u>	<u>741,905</u>

During the year retirement benefits were accruing to 4 directors (2018 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £244,246 (2018 - £195,267).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,683 (2018 - £11,913).

**9. Interest payable and similar expenses**

	2019 £	2018 £
Bank interest	158,247	79,186
Finance leases and hire purchase contracts	27,311	-
	<u>185,558</u>	<u>79,186</u>

**10. Right of Use assets**

The Company has lease contracts for various offices, vehicles, warehouses and equipment used in operations.

The amounts recognised in the financial statements in relation to the leases are as follows:

In the previous year, the company only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases.

The obligations arising from operating leases which existed as of December 31, 2018 can be reconciled with the financial debt recognised on January 1, 2019 within the framework of the first-time adoption of IFRS 16:

	£
<b>IFRS 16 Reconciliation</b>	
Obligations from operating leases as at 31/12/2018	1,202,612
Discounted using Lessee's incremental borrowing rate at date of initial application	(73,420)
<b>Additional leasing liability as at 01/01/2019</b>	<u>1,129,192</u>

**REDHEAD FREIGHT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	£
Right-of-use assets	1,129,192
Lease Liabilities	(1,149,933)
<b>Provisions</b>	<u>(20,741)</u>

The net impact on retained earnings on 1 January 2019 was nil.

The income statement shows the following amounts relating to leases:

	2019 £
Property	25,174
Vehicles and forklifts	656,653
Depreciation Charge	681,827
Interest Expense	<u>17,838</u>

**Amounts recognised in the statement of financial position**

The balance sheet shows the following amounts relating to leases:

	2019 £	2018 £
Property	111,724	-
Vehicles and forklifts	<u>1,829,051</u>	<u>1,129,192</u>
	<u>1,940,775</u>	<u>1,129,192</u>

**Lease Liabilities**

	2019 £	2018 £
Not later than one year	429,051	576,054
Later than one year and not later than five years	1,413,606	573,879
Greater than five years	<u>100,305</u>	<u>-</u>
	<u>1,942,962</u>	<u>1,149,933</u>

Expense relating to short-term leases (included in administrative expenses) was £16k

# REDHEAD FREIGHT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Commitments for minimum lease payments in relation to non cancellable operating leases (under IAS 17) are as follows:

	2019 £	2018 £
Not later than one year	-	585,907
Later than one year and not later than five years	-	616,705
Greater than five years	-	-
	<u>-</u>	<u>1,202,612</u>

### 11. Tax on loss

	2019 £	2018 £
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Total tax on profit</b>	<u>-</u>	<u>-</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Loss before tax	<u>(817,370)</u>	<u>(331,513)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<u>(155,300)</u>	<u>(62,987)</u>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	519
Capital allowances for year in excess of depreciation	(12,152)	15,050
Unrelieved tax losses carried forward	71,520	-
Group relief	95,932	47,418
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

REDHEAD FREIGHT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Tangible assets

	Long Term Leasehold Property - Right of use Asset £	Motor Vehicles (Leased) - Right of Use Asset £	Forklifts (Leased) - Right of Use Asset £	Motor vehicles £	Fixtures and fittings £	Computer Software & Hardware £	Total £
<b>Cost or valuation</b>							
At 1 January 2019	-	-	-	1,413,527	586,604	665,051	2,665,182
Additions	136,898	2,237,386	248,317	35,713	9,215	65,834	2,733,363
Disposals	-	-	-	(388,895)	(14,620)	-	(403,515)
At 31 December 2019	136,898	2,237,386	248,317	1,060,345	581,199	730,885	4,995,030
<b>Accumulated depreciation</b>							
At 1 January 2019	-	-	-	958,784	418,820	386,773	1,764,377
Charge for the year on owned assets	-	-	-	117,477	31,087	97,472	246,036
Charge for the year on right-of-use assets	25,174	536,615	120,037	-	-	-	681,826
Disposals	-	-	-	(388,895)	(12,233)	-	(401,128)
At 31 December 2019	25,174	536,615	120,037	687,366	437,674	484,245	2,291,111
<b>Net book value</b>							
At 31 December 2019	111,724	1,700,771	128,280	372,979	143,525	246,640	2,703,919
At 31 December 2018	-	-	-	454,743	167,784	278,278	900,805

**REDHEAD FREIGHT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**13. Investments**

	Other fixed asset investments £
<b>Cost or valuation</b>	
At 1 January 2019	25,250
At 31 December 2019	<u>25,250</u>
<b>Net book value</b>	
At 31 December 2019	<u>25,250</u>
At 31 December 2018	<u>25,250</u>

**14. Stocks**

	2019 £	2018 £
Raw Materials	23,406	23,893
	<u>23,406</u>	<u>23,893</u>

**15. Debtors: amounts falling due within one year**

	2019 £	2018 £
Trade debtors	7,726,981	6,972,257
Amounts owed by group undertakings	9,788,820	11,091,092
Other debtors	21,496	3,900
Prepayments and accrued income	1,825,100	1,453,675
	<u>19,362,397</u>	<u>19,520,924</u>

Amounts owed by group undertakings comprises of intercompany non-trade receivables, non-interest bearing, repayable on demand and Intercompany trade receivables, repayable to terms, within 30 days.



**REDHEAD FREIGHT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**16. Cash at bank and in hand**

	2019 £	2018 £
Cash at bank and in hand	71,472	1,576
Less: bank overdrafts	-	(178,786)
	<u>71,472</u>	<u>(177,210)</u>

**17. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Bank overdrafts	-	178,786
Trade creditors	4,438,976	4,289,170
Amounts owed to group undertakings	7,160,516	6,704,713
Other taxation and social security	722,136	947,966
Lease liabilities	429,051	-
Other creditors	151,573	133,539
Accruals	4,413,516	4,044,140
	<u>17,315,768</u>	<u>16,298,314</u>

Amounts payable under hire purchase agreements are secured on the assets to which they relate.

The bank overdraft is secured by a legal charge over the Holding company's freehold property, a charge over the debtor book and a cross guarantee supported by a debenture from Redhead Holdings Limited.

**18. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Lease liabilities	1,513,913	-
	<u>1,513,913</u>	<u>-</u>

Amounts payable under hire purchase agreements are secured on the assets to which they relate.

# REDHEAD FREIGHT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 19. Deferred taxation

	2019 £	2018 £
At beginning of year	(6,069)	(6,069)
At end of year	<u>(6,069)</u>	<u>(6,069)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	<u>6,069</u>	<u>6,069</u>

### 20. Called up share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
123,602 (2018 - 123,602) Ordinary shares of £1.00 each	<u>123,602</u>	<u>123,602</u>

The ordinary shares carry rights of one vote per share and have no restrictions on the distribution of dividends and repayment of capital.

### 21. Reserves

#### Capital redemption reserve

This arose in the year ended 31 March 1998 and represents the nominal value of the shares repurchased.

#### Profit and loss account

This includes all current and prior period retained profits and losses.

### 22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £385,134 (31 December 2018 - £342,058). Contributions totalling £83,944 (31 December 2018 - £73,699) were payable to the fund at the balance sheet date and are included in creditors.

## REDHEAD FREIGHT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 23. Related party transactions

During the year under review, the company entered into the following transactions with related parties which are under common control:

(1) The company has a Line of Credit with Deutsche Bahn AG. At the year end date, the sum of £6,301,766 (2018 : £5,278,211) was owed under this facility. This amount is disclosed within creditors falling due in less than one year.

(2) The company operates from premises owned by Redhead Holdings Limited. Redhead Holdings Limited has invoiced rent in the year totalling £515,590 (2018 : £516,925). At the year end date, the sum of £8,190,901 (2018 : £8,596,228) was owed by Redhead Holdings Limited to this company.

#### 24. Post balance sheet events

During March 2020 the global pandemic COVID-19 outbreak has had a significant impact on the worldwide economy. The directors are aware of the effects that this may subsequently have on the company and have reviewed and adopted the relevant operational strategies in order to safeguard the business for the ensuing 12 months.

In preparing the financial statements the directors have considered the impact of the COVID-19 pandemic on certain disclosures and on the measurement of certain account balances. Since the first known cases of COVID-19 and the subsequent lockdown of the UK economy did not arise until after the year end, the directors, in line with relevant guidance, consider the COVID-19 to be a non-adjusting post balance sheet event.

On 30 November 2020, the Company extended the 31 December 2020 accounting period to 30 June 2021.

#### 25. Controlling party

The immediate controlling party is Redhead Holdings Limited. The ultimate parent undertaking and controlling party is considered to be Deutsche Bahn AG, a company incorporated in Germany.

The results have been consolidated in the financial statements of this parent undertaking whose financial statements are available from their address at Potsdamer Platz 2, 10785 Berlin, Germany.

Deutsche Bahn AG is the smallest and the largest group to consolidate the financial statements.

On 29 October 2020 Schenker Limited became the immediate parent company.