

Company Registration No. 09548644 (England and Wales)

DEESIDE LOGISTIC SERVICES LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

DEESIDE LOGISTIC SERVICES LTD

COMPANY INFORMATION

Directors Mr S M Jeffcoat
Mr R J Van Der Wurff

Company number 09548644

Registered office Prospect House
Factory Road
Deeside
Flintshire
Nth Wales
CH5 2QJ

Auditor Mitchell Charlesworth LLP
24 Nicholas Street
Chester
CH1 2AU

DEESIDE LOGISTIC SERVICES LTD

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DEESIDE LOGISTIC SERVICES LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors present the strategic report and the financial statements for the year ended 30 September 2017.

Fair review of the business

The company's principal activities continued to be the supply of complete documentation packages for a range of vessels. The directors are content in the results for the year, which was in line with expectations.

Principal risks and uncertainties

The directors are satisfied with the current results and progress with the contracted work package. The trends reported last year continue namely: the competition within the sector from the number of UK companies with similar activities; and the reluctance of vessel builders, shipyards, and fleet owners to continue the policy of outsourcing these activities. The company continues to concentrate exclusively on the current major contracts and subcontracts it has, taking care to adjust the workforce and facilities to match the changing need and control costs. Some uncertainty was generated during the year due to the forthcoming elections in Germany and any knock on affect any new Government industrial policies would have on the company's contractors and sub-contractors.

Development and performance

Throughout the year the company has remained fully focused on the timely execution of its work under contract, whilst maintaining tight control of costs. Preparations to meet the company's liabilities under the workplace pension legislation have been completed to meet the initial staging date of November 2017 and automatic enrolment in February 2018.

Key Performance Indicators

In accordance with the principles used last year and due to the nature of the core business and contracts, the main key performance indicator used by the company is gross profit margin. Results for the period are in line with expectations and a gross profit margin of 16.1% has been made compared to 22.8% for 2016.

Dividend and Corporation Tax

Following accountancy advice Corporation Tax for the year has been paid on account. A dividend was made on 8 February 2017. The cost of this dividend was satisfied using the available cash resources of the company and has not affected the company's ability to pay its foreseeable debts as they fall due.

On behalf of the board

Mr S M Jeffcoat

Director

26 April 2018

DEESIDE LOGISTIC SERVICES LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors present their annual report and financial statements for the year ended 30 September 2017.

Principal activities

The principal activity of the company continued to be the supply of a complete documentation package for vessels of any type.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S M Jeffcoat

Mr R J Van Der Wurff

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £1,200,000. The directors do not recommend payment of a final dividend for this accounting period.

Auditor

The auditor, Mitchell Charlesworth LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DEESIDE LOGISTIC SERVICES LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr S M Jeffcoat
Director
26 April 2018

Mr R J Van Der Wurff
Director
26 April 2018

DEESIDE LOGISTIC SERVICES LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DEESIDE LOGISTIC SERVICES LTD

Opinion

We have audited the financial statements of Deeside Logistic Services Ltd (the 'company') for the year ended 30 September 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

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

DEESIDE LOGISTIC SERVICES LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DEESIDE LOGISTIC SERVICES LTD

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Robert Hall (Senior Statutory Auditor)
for and on behalf of Mitchell Charlesworth LLP

9 May 2018

Chartered Accountants
Statutory Auditor

24 Nicholas Street
Chester
CH1 2AU

DEESIDE LOGISTIC SERVICES LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2017

		Year ended 30 September 2017 £	Period ended 30 September 2016 £
	Notes		
Turnover	3	8,671,732	13,750,784
Cost of sales		(7,271,770)	(10,613,283)
Gross profit		1,399,962	3,137,501
Administrative expenses		(160,153)	(62,494)
Operating profit	4	1,239,809	3,075,007
Interest receivable and similar income	7	185	134
Profit before taxation		1,239,994	3,075,141
Tax on profit	8	(241,999)	(616,209)
Profit for the financial year		997,995	2,458,932

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

DEESIDE LOGISTIC SERVICES LTD

BALANCE SHEET

AS AT 30 SEPTEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	10		14,983		22,270
Current assets					
Stocks	12	126,497		5,485,607	
Debtors	13	2,173,969		1,129,582	
Cash at bank and in hand		3,271,312		6,591,725	
		<u>5,571,778</u>		<u>13,206,914</u>	
Creditors: amounts falling due within one year	14	<u>(2,277,436)</u>		<u>(10,487,278)</u>	
Net current assets			<u>3,294,342</u>		<u>2,719,636</u>
Total assets less current liabilities			<u>3,309,325</u>		<u>2,741,906</u>
Creditors: amounts falling due after more than one year	15		(1,249,851)		(479,188)
Provisions for liabilities	16		(2,547)		(3,786)
Net assets			<u>2,056,927</u>		<u>2,258,932</u>
Capital and reserves					
Called up share capital	18		400,000		400,000
Profit and loss reserves			<u>1,656,927</u>		<u>1,858,932</u>
Total equity			<u>2,056,927</u>		<u>2,258,932</u>

The financial statements were approved by the board of directors and authorised for issue on 26 April 2018 and are signed on its behalf by:

Mr S M Jeffcoat
Director

Mr R J Van Der Wurff
Director

Company Registration No. 09548644

DEESIDE LOGISTIC SERVICES LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2017

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 17 April 2015		-	-	-
Period ended 30 September 2016:				
Profit and total comprehensive income for the period		-	2,458,932	2,458,932
Issue of share capital	18	400,000	-	400,000
Dividends	9	-	(600,000)	(600,000)
Balance at 30 September 2016		400,000	1,858,932	2,258,932
Year ended 30 September 2017:				
Profit and total comprehensive income for the year		-	997,995	997,995
Dividends	9	-	(1,200,000)	(1,200,000)
Balance at 30 September 2017		400,000	1,656,927	2,056,927

DEESIDE LOGISTIC SERVICES LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	21	(1,251,993)		6,821,284	
Income taxes paid		(868,423)			-
Net cash (outflow)/inflow from operating activities		(2,120,416)		6,821,284	
Investing activities					
Purchase of tangible fixed assets		(182)		(29,693)	
Interest received		185		134	
Net cash generated from/(used in) investing activities			3		(29,559)
Financing activities					
Proceeds from issue of shares		-		400,000	
Dividends paid		(1,200,000)		(600,000)	
Net cash used in financing activities		(1,200,000)		(200,000)	
Net (decrease)/increase in cash and cash equivalents		(3,320,413)		6,591,725	
Cash and cash equivalents at beginning of year		6,591,725			-
Cash and cash equivalents at end of year		3,271,312		6,591,725	

DEESIDE LOGISTIC SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

Company information

Deeside Logistic Services Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Prospect House, Factory Road, Deeside, Flintshire, Nth Wales, CH5 2QJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. Work undertaken on contracts occurs evenly over the life of the contract, and therefore revenue is recognised on a straight line basis over the life of the contract.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

DEESIDE LOGISTIC SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

DEESIDE LOGISTIC SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

1.8 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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

Impairment of financial assets

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

DEESIDE LOGISTIC SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

DEESIDE LOGISTIC SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

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

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

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

1.12 Leases

Rents payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

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

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

DEESIDE LOGISTIC SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover analysed by class of business		
Contract income	8,671,732	13,750,784
	<u> </u>	<u> </u>
	2017 £	2016 £
Other significant revenue		
Interest income	185	134
	<u> </u>	<u> </u>
	2017 £	2016 £
Turnover analysed by geographical market		
Kingdom of Saudi Arabia	8,671,732	13,750,784
	<u> </u>	<u> </u>

4 Operating profit

Operating profit for the year is stated after charging/(crediting):

	2017 £	2016 £
Exchange gains	(160,827)	(556,059)
Fees payable to the company's auditor for the audit of the company's financial statements	10,000	10,000
Depreciation of owned tangible fixed assets	7,469	7,423
Cost of stocks recognised as an expense	6,979,858	9,881,274
Operating lease charges	16,000	29,497
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Management	1	2
Administration	1	1
Production	3	6
	<u> </u>	<u> </u>
	5	9
	<u> </u>	<u> </u>

DEESIDE LOGISTIC SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

5	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2017	2016
		£	£
	Wages, salaries and subcontracted labour	312,098	844,711
	Social security costs	28,991	71,094
		<u>341,089</u>	<u>915,805</u>
6	Directors' remuneration		
		2017	2016
		£	£
	Remuneration for qualifying services	75,000	81,250
		<u>75,000</u>	<u>81,250</u>
7	Interest receivable and similar income		
		2017	2016
		£	£
	Interest income		
	Interest on bank deposits	185	134
		<u>185</u>	<u>134</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	185	134
		<u>185</u>	<u>134</u>
8	Taxation		
		2017	2016
		£	£
	Current tax		
	UK corporation tax on profits for the current period	243,238	612,423
		<u>243,238</u>	<u>612,423</u>
	Deferred tax		
	Origination and reversal of timing differences	(1,239)	3,786
		<u>(1,239)</u>	<u>3,786</u>
	Total tax charge	241,999	616,209
		<u>241,999</u>	<u>616,209</u>

DEESIDE LOGISTIC SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	1,239,994	3,075,141
Expected tax charge based on the standard rate of corporation tax in the UK of 19.50% (2016: 20.00%)	241,799	615,028
Tax effect of expenses that are not deductible in determining taxable profit	35	1,849
Deferred tax rate changes	165	(668)
Taxation charge for the year	241,999	616,209

9 Dividends

	2017 £	2016 £
Interim paid	1,200,000	600,000

10 Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 October 2016	29,693
Additions	182
At 30 September 2017	29,875
Depreciation and impairment	
At 1 October 2016	7,423
Depreciation charged in the year	7,469
At 30 September 2017	14,892
Carrying amount	
At 30 September 2017	14,983
At 30 September 2016	22,270

DEESIDE LOGISTIC SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

11 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	4,964,542	7,706,922
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	1,376,758	9,912,388
	<u> </u>	<u> </u>

12 Stocks

	2017 £	2016 £
Work in progress	126,497	5,485,607
	<u> </u>	<u> </u>

13 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	-	449,564
Other debtors	8,294	2,211
Prepayments and accrued income	480,738	14,385
	<u> </u>	<u> </u>
	489,032	466,160
	<u> </u>	<u> </u>
Amounts falling due after more than one year:		
	2017 £	2016 £
Gross amounts due from contract customers	1,684,937	663,422
	<u> </u>	<u> </u>
Total debtors	<u>2,173,969</u>	<u>1,129,582</u>

DEESIDE LOGISTIC SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

14 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	13,032	4,740
Corporation tax	(12,762)	612,423
Other taxation and social security	9,647	10,767
Other creditors	2,675	891
Accruals and deferred income	2,264,844	9,858,457
	<u>2,277,436</u>	<u>10,487,278</u>

15 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Accruals and deferred income	<u>1,249,851</u>	<u>479,188</u>

16 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	17	<u>2,547</u>	<u>3,786</u>

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	<u>2,547</u>	<u>3,786</u>
Movements in the year:		2017 £
Liability at 1 October 2016		3,786
Credit to profit or loss		(1,239)
Liability at 30 September 2017		<u>2,547</u>

DEESIDE LOGISTIC SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

17 Deferred taxation

(Continued)

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

18 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
400,000 Ordinary shares of £1 each	400,000	400,000
	<u>400,000</u>	<u>400,000</u>
	<u><u>400,000</u></u>	<u><u>400,000</u></u>

All ordinary shares rank equally for voting, dividend and distribution purposes.

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	16,000	16,000
	<u>16,000</u>	<u>16,000</u>

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2017	2016
	£	£
Aggregate compensation	75,000	81,250
	<u>75,000</u>	<u>81,250</u>

DEESIDE LOGISTIC SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

21 Cash generated from operations

	2017	2016
	£	£
Profit for the year after tax	997,995	2,458,932
Adjustments for:		
Taxation charged	241,999	616,209
Investment income	(185)	(134)
Depreciation and impairment of tangible fixed assets	7,469	7,423
Movements in working capital:		
Decrease/(increase) in stocks	5,359,110	(5,485,607)
(Increase) in debtors	(1,040,483)	(1,128,146)
(Decrease)/increase in creditors	(6,817,898)	10,352,607
	<hr/>	<hr/>
Cash (absorbed by)/generated from operations	(1,251,993)	6,821,284
	<hr/>	<hr/>

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