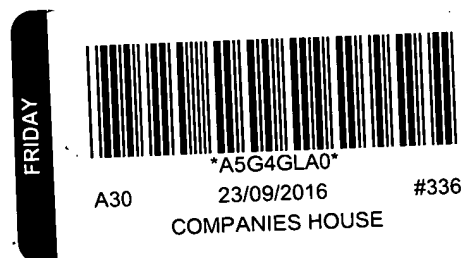


COMPANY REGISTRATION NUMBER: 00872451

P & F Safepac Co. Limited
Abbreviated Financial Statements
31st January 2016



STEPHENSON SMART
Chartered accountant & statutory auditor
22-26 King Street
King's Lynn
Norfolk
PE30 1HJ

P & F Safepac Co. Limited

Financial Statements

Year ended 31st January 2016

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P & F Safepac Co. Limited

Strategic Report

Year ended 31st January 2016

Business review

The directors are satisfied with the company's performance during the year. Following a successful 2015, which saw significant profits.

The company have continued to implement a programme of cost cutting initiatives in the period and have continued to diversify to a greater degree into UK packing and forwarding. This attempt to mitigate the company's reliance on the unpredictable overseas market derived from its eminent location close to several USAF bases. The company intends to develop the UK market to a greater degree in the following years, and continue to closely monitor costs.

The company's revenue mix has seen UK packing and forwarding account for 53.8% of total sales, whereas Overseas packing and forwarding accounted for 46.2% of total sales. This pattern as in the previous year indicates the development of the UK packing and forwarding sector of the entity.

Key Performance Indicators

The company uses a range of performance measures to monitor and manage the business effectively, both financial and non-financial. The key performance indicators and their comparatives are as follows:

	2016	2015
Gross profit margin	13.07%	15.88%
Current ratio	1.06	1.10

The gross profit percentage has shown a decrease from the previous year, reflecting in the company not benefiting from economies of scale. Coupled with a shortage of skilled drivers, therefore increasing salaries and significantly impacting cost of sales.

The current ratio has remained consistent, displaying the company's ability to manage its liquidity.

Principal risks and uncertainties

The company is exposed to several risk factors which are closely monitored internally. The most significant risk facing the company is the volatility of the housing market. The current market is strong with a number of houses purchased in the UK in 2016. The company is able to react to fluctuations in the housing market through employing staff on short term contracts and maintain fixed costs to an acceptable level.

The USAF has announced the retention of staff until 2020 at bases local to the company which will facilitate a continued trade in the overseas market. However, if this was not the case the company would expect to see significant demand for a 12-month period following withdrawal of USAF squadrons from the UK bases, followed by a period of reorganisation to fully focus on the UK packing and forwarding.

Details of the company's procedures to manage liquidity risk, interest rate risk, foreign currency risk and credit risk are discussed in the Directors' report.

Future developments

The directors consider the performance of the company to be quite robust in the context of the challenging trading environment. They are confident that the performance of the company can be consolidated and will continue to monitor general overhead costs to ensure profitability is commensurate to the level of activity in future years.

P & F Safepac Co. Limited

Strategic Report *(continued)*

Year ended 31st January 2016

This report was approved by the board of directors on 20th September 2016 and signed on behalf of the board by:



Mr W. P. Flynn
Director

Registered office:
Field Road
Mildenhall
Suffolk
IP28 7AP

P & F Safepac Co. Limited

Directors' Report

Year ended 31st January 2016

The directors present their report and the financial statements of the company for the year ended 31st January 2016.

Principal activities

The principal activity of the company continued to be that of packing and forwarding agents.

Directors

The directors who served the company during the year were as follows:

Mr D.A. Flynn
Mr W. P. Flynn
Mr N Pearson

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

The profit for the year, after taxation, amounted to £53,876.

Financial instruments

Financial risk management objectives and policies

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities. The company's principal financial instruments include derivative financial instruments, the purpose of which is to manage currency risks and interest rate risks arising from the company's activities, and bank overdrafts and loans, the main purpose of which is to raise finance for the company's operations. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

Derivative transactions which the company enter into principally comprise forward exchange contracts. In accordance with the company's treasury policy, derivative instruments are not entered into for speculative purposes.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on bank overdrafts and loans. The company uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

P & F Safepac Co. Limited

Directors' Report *(continued)*

Year ended 31st January 2016

Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. The company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board. The company monitors credit risk closely and considers that its current policies on credit checks meets its objective of managing exposure to credit risk. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

Disclosure of information in the strategic report

A fair review of the development and performance of the company during the financial period, and a description of the principal risks and uncertainties facing the company at the period end has been disclosed separately in the Strategic report.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 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 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;
- 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.

P & F Safepac Co. Limited

Directors' Report *(continued)*

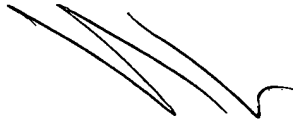
Year ended 31st January 2016

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 20th September 2016 and signed on behalf of the board by:



Mr W. P. Flynn
Director

Registered office:
Field Road
Mildenhall
Suffolk
IP28 7AP

P & F Safepac Co. Limited

Independent Auditor's Report to the Members of P & F Safepac Co. Limited

Year ended 31st January 2016

We have audited the financial statements of P & F Safepac Co. Limited for the year ended 31st January 2016, on pages 8 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st January 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

P & F Safepac Co. Limited

Independent Auditor's Report to the Members of P & F Safepac Co. Limited

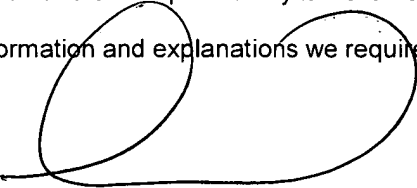
(continued)

Year ended 31st January 2016

Matters on which we are required to report by exception

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.



Mr Michael Andrews FCA (Senior Statutory Auditor)

For and on behalf of
Stephenson Smart
Chartered accountant & statutory auditor
22-26 King Street
King's Lynn
Norfolk
PE30 1HJ

20th September 2016

P & F Safepac Co. Limited

Statement of Comprehensive Income

Year ended 31st January 2016

	Note	2016 £	2015 £
Turnover	4	7,852,778	8,429,511
Cost of sales		6,826,098	7,091,031
Gross profit		1,026,680	1,338,480
Administrative expenses		1,043,065	931,022
Other operating income	5	384,705	299,795
Operating profit	6	368,320	707,253
Loss on financial liabilities at fair value through profit or loss		165,761	—
Other interest receivable and similar income	10	129	31
Interest payable and similar charges	11	136,587	148,077
Profit on ordinary activities before taxation		66,101	559,207
Tax on profit on ordinary activities	12	12,225	158,651
Profit for the financial year and total comprehensive income		53,876	400,556

All the activities of the company are from continuing operations.

The notes on pages 14 to 29 form part of these financial statements.

P & F Safepac Co. Limited

Statement of Financial Position

31st January 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	14	4,563,562	4,885,342
Investments	15	1	1
		<u>4,563,563</u>	<u>4,885,343</u>
Current assets			
Stocks	16	202,283	184,395
Debtors	17	1,885,626	2,233,079
Cash at bank and in hand	18	25,210	10,197
		<u>2,113,119</u>	<u>2,427,671</u>
Creditors: amounts falling due within one year	19	<u>(1,808,054)</u>	<u>(2,199,958)</u>
Net current assets		<u>305,065</u>	<u>227,713</u>
Total assets less current liabilities		<u>4,868,628</u>	<u>5,113,056</u>
Creditors: amounts falling due after more than one year	20	<u>(2,081,747)</u>	<u>(2,223,941)</u>
Provisions			
Taxation including deferred tax	23	<u>(169,520)</u>	<u>(157,390)</u>
Net assets		<u>2,617,361</u>	<u>2,731,725</u>
Capital and reserves			
Called up share capital	26	345,719	373,184
Revaluation reserve	27	5,030	16,283
Capital redemption reserve	27	69,082	49,857
Other reserves	27	(2,600,386)	(2,621,626)
Share based payments reserve	27	28,109	49,349
Profit and loss account	27	4,769,807	4,864,678
Shareholders funds		<u>2,617,361</u>	<u>2,731,725</u>

The statement of financial position
continues on the following page.

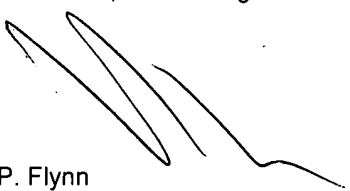
The notes on pages 14 to 29 form part of these financial statements.

P & F Safepac Co. Limited

Statement of Financial Position *(continued)*

31st January 2016

These financial statements were approved by the board of directors and authorised for issue on 20th September 2016, and are signed on behalf of the board by:



Mr W. P. Flynn
Director

Company registration number: 00872451

Under the Companies Act 2006 s454, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

The notes on pages 14 to 29 form part of these financial statements.

P & F Safepac Co. Limited

Statement of Changes in Equity

Year ended 31st January 2016

	Called up share capital £	Revaluation reserve £	Capital redemption reserve £	Other reserves £	Share based payments reserve £	Profit and loss account £	Total £
At 1st February 2014	375,787	21,623	48,301	(2,625,281)	53,004	4,458,782	2,332,216
Profit for the year						400,556	400,556
Other comprehensive income for the year:							
Reclassification from revaluation reserve to profit and loss account	—	(5,340)	—	—	—	5,340	—
Total comprehensive income for the year	—	(5,340)	—	—	—	405,896	400,556
Cancellation of subscribed capital	(2,603)	—	1,556	—	—	—	(1,047)
Transfer of remaining cost on unconditional vesting of shares	—	—	—	3,655	(3,655)	—	—
Total investments by and distributions to owners	(2,603)	—	1,556	3,655	(3,655)	—	(1,047)
At 31st January 2015	373,184	16,283	49,857	(2,621,626)	49,349	4,864,678	2,731,725
Profit for the year						53,876	53,876
Other comprehensive income for the year:							
Reclassification from revaluation reserve to profit and loss account	—	(11,253)	—	—	—	11,253	—
Total comprehensive income for the year	—	(11,253)	—	—	—	65,129	53,876

The statement of changes in equity
continues on the following page.

The notes on pages 14 to 29 form part of these financial statements.

P & F Safepac Co. Limited

Statement of Changes in Equity *(continued)*

Year ended 31st January 2016

	Called up share capital £	Revaluation reserve £	Capital redemption reserve £	Other reserves £	Share based payments reserve £	Profit and loss account £	Total £
Dividends paid and payable	13	—	—	—	—	(160,000)	(160,000)
Cancellation of subscribed capital	(27,465)	—	19,225	—	—	—	(8,240)
Transfer of remaining cost on unconditional vesting of shares	—	—	—	21,240	(21,240)	—	—
Total investments by and distributions to owners	(27,465)	—	19,225	21,240	(21,240)	(160,000)	(168,240)
At 31st January 2016	345,719	5,030	69,082	(2,600,386)	28,109	4,769,807	2,617,361

The notes on pages 14 to 29 form part of these financial statements.

P & F Safepac Co. Limited

Statement of Cash Flows

Year ended 31st January 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the financial year		53,876	400,556
<i>Adjustments for:</i>			
Depreciation of tangible assets		429,819	449,234
Loss on financial liabilities at fair value through profit or loss		165,761	—
Other interest receivable and similar income		(129)	(31)
Interest payable and similar charges		136,587	148,077
(Gains)/loss on disposal of tangible assets		(171,522)	259
Tax on profit on ordinary activities		12,225	158,651
<i>Changes in:</i>			
Stocks		(17,888)	(64,516)
Trade and other debtors		347,453	(252,894)
Trade and other creditors		(434,728)	111,358
Provisions and employee benefits		—	(252,947)
Cash generated from operations		521,454	697,747
Interest paid		(136,587)	(148,077)
Interest received		129	31
Tax paid		(126,913)	—
Net cash from operating activities		258,083	549,701
Cash flows from investing activities			
Purchase of tangible assets		(184,017)	(184,931)
Proceeds from sale of tangible assets		247,500	17,700
Net cash from/(used in) investing activities		63,483	(167,231)
Cash flows from financing activities			
Purchase of own shares		(8,240)	(1,047)
Proceeds from borrowings		(222,843)	(235,482)
Payments of finance lease liabilities		(112,925)	(37,570)
Dividends paid		(160,000)	—
Net cash used in financing activities		(504,008)	(274,099)
Net (decrease)/increase in cash and cash equivalents		(182,442)	108,371
Cash and cash equivalents at beginning of year		3,843	(104,528)
Cash and cash equivalents at end of year	18	(178,599)	3,843

The notes on pages 14 to 29 form part of these financial statements.

P & F Safepac Co. Limited

Notes to the Financial Statements

Year ended 31st January 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Field Road, Mildenhall, Suffolk, IP28 7AP.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The company is itself a parent company and is exempt from the requirement to prepare group accounts by virtue of section 405 of the Companies Act 2006. The subsidiary is not material for the purpose of giving a true and fair view.

These financial statements therefore present information about the company as an individual undertaking and not about its group.

Contributions to Qualifying Employee Share Ownership Trust (QUEST)

In accordance with FRS 20, contributions to the QUEST are not recognised in the profit and loss account until such time as the shares vest unconditionally with the employees. Dividends paid/payable to the QUEST are deducted from the aggregate dividends paid and proposed.

Contributions to Share Incentive Plan (SIP)

In accordance with FRS 20, contributions to the SIP are not recognised in the Profit and Loss Account until such time as the shares vest unconditionally with the employees. Until that time, the employee share ownership plan trust's investment in the shares of the company are shown as a reduction in reserves.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1st February 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 32.

Transition to FRS 102 exemptions

The company has elected to use a previous UK GAAP revaluation as deemed cost at transition, under FRS 102, section 35.10 (d).

P & F Safepac Co. Limited

Notes to the Financial Statements *(continued)*

Year ended 31st January 2016

3. Accounting policies *(continued)*

Liquid resources

The company classifies liquid resources as debtors and cash at bank and in hand less creditors due within one year, which it attempts to maintain at a level such that working capital can be used effectively.

Revenue recognition

Turnover is the total amount receivable by the company for goods supplied and services rendered, excluding VAT.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred taxation in connection with the SIP's and QUEST's purchase of own shares is shown as a deduction from the cost of the shares acquired. This is a departure from Financial Reporting Standard 19 to show the deferred tax liability as a provision for liabilities and charges. In the opinion of the directors, this departure is necessary in order to give a true and fair view of the company's affairs. The directors consider that, following the adoption of the accounting treatment under UITF 38 for the contribution to the SIP, the separation of the costs of the shares acquired and the relevant deferred taxation into 2 separate areas of the balance sheet would not give a true and fair view.

P & F Safepac Co. Limited

Notes to the Financial Statements *(continued)*

Year ended 31st January 2016

3. Accounting policies *(continued)*

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Share-based payments

The valuation is calculated using a generally accepted valuation methodology allowing for the lack of an observable market price as the company is an unlisted limited company. If the value of the shares is less than the cost of the shares awarded, the difference is transferred between the SIP reserve and the profit and loss reserve over the grant period.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold Buildings	-	4% p.a. straight line basis
Leasehold Buildings	-	4% p.a. straight line basis
Plant & Machinery	-	15% p.a. reducing balance basis
Motor Vehicles	-	25% p.a. reducing balance basis

P & F Safepac Co. Limited

Notes to the Financial Statements *(continued)*

Year ended 31st January 2016

3. Accounting policies *(continued)*

Depreciation *(continued)*

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

P & F Safepac Co. Limited

Notes to the Financial Statements *(continued)*

Year ended 31st January 2016

3. Accounting policies *(continued)*

Provisions *(continued)*

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Non basic financial assets and liabilities, are initially recognised at transaction price. Such assets and liabilities, are subsequently measured at fair value, with any changes recognised in profit or loss.

Defined contribution plans

The company operates a defined contribution pension scheme for directors and a separate scheme for other employees. The assets of the schemes are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

4. Turnover

Turnover arises from:

	2016	2015
	£	£
Rendering of services	<u>7,852,778</u>	<u>8,429,511</u>

P & F Safepac Co. Limited

Notes to the Financial Statements *(continued)*

Year ended 31st January 2016

4. Turnover *(continued)*

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2016 £	2015 £
United Kingdom	4,227,943	4,643,302
Overseas packing and forwarding	3,624,835	3,786,209
	<u>7,852,778</u>	<u>8,429,511</u>

5. Other operating income

	2016 £	2015 £
Rental income	348,168	288,197
Other operating income	36,537	11,598
	<u>384,705</u>	<u>299,795</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets	429,819	449,234
(Gains)/loss on disposal of tangible assets	(171,522)	259
Cost of stocks recognised as an expense	520,824	497,857
Impairment of trade debtors	(14,914)	14,631
Foreign exchange differences	<u>150,784</u>	<u>(157,229)</u>

Depreciation of tangible fixed assets is included within cost of sales and administrative expenses.

7. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	<u>10,500</u>	<u>10,250</u>

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016 No.	2015 No.
Production staff	82	77
Administrative staff	14	14
	<u>96</u>	<u>91</u>

P & F Safepac Co. Limited

Notes to the Financial Statements *(continued)*

Year ended 31st January 2016

8. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016	2015
	£	£
Wages and salaries	2,374,458	2,259,637
Social security costs	216,359	211,761
Other pension costs	29,484	22,436
	<u>2,620,301</u>	<u>2,493,834</u>

9. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	110,000	99,860
Company contributions to defined contribution pension plans	1,860	1,860
	<u>111,860</u>	<u>101,720</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016	2015
	No.	No.
Defined contribution plans	<u>1</u>	<u>1</u>

10. Other interest receivable and similar income

	2016	2015
	£	£
Interest on cash and cash equivalents	<u>129</u>	<u>31</u>

Interest receivable is derived from financial assets measured at amortised cost.

11. Interest payable and similar charges

	2016	2015
	£	£
Interest on banks loans and overdrafts	125,136	130,878
Interest on obligations under finance leases and hire purchase contracts	11,451	15,266
Other interest payable and similar charges	—	1,933
	<u>136,587</u>	<u>148,077</u>

Interest payable is derived from financial liabilities measured at amortised cost.

12. Tax on profit on ordinary activities

Major components of tax expense

	2016	2015
	£	£
Current tax:		
UK current tax expense	95	126,913

P & F Safepac Co. Limited

Notes to the Financial Statements *(continued)*

Year ended 31st January 2016

12. Tax on profit on ordinary activities *(continued)*

	2016 £	2015 £
Deferred tax:		
Origination and reversal of timing differences	<u>12,130</u>	<u>31,738</u>
Tax on profit on ordinary activities	<u>12,225</u>	<u>158,651</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>66,101</u>	<u>559,207</u>
Profit on ordinary activities by rate of tax	13,220	119,241
Effect of expenses not deductible for tax purposes	271	763
Effect of capital allowances and depreciation	36,954	56,048
Marginal relief	—	(504)
Profit on disposal of non-qualifying asset	(38,220)	—
Losses utilised in the period	—	(16,897)
Tax on profit on ordinary activities	<u>12,225</u>	<u>158,651</u>

13. Dividends

	2016 £	2015 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>160,000</u>	<u>—</u>

P & F Safepac Co. Limited

Notes to the Financial Statements (continued)

Year ended 31st January 2016

14. Tangible assets

	Freehold property £	Long leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 1 Feb 2015	6,168,697	317,567	715,911	2,328,082	9,530,257
Additions	—	—	—	184,017	184,017
Disposals	—	(317,567)	(31,990)	(74,230)	(423,787)
At 31 Jan 2016	6,168,697	—	683,921	2,437,869	9,290,487
Depreciation					
At 1 Feb 2015	2,228,564	255,875	409,467	1,751,009	4,644,915
Charge for the year	214,367	5,293	45,970	164,189	429,819
Disposals	—	(261,168)	(28,705)	(57,936)	(347,809)
At 31 Jan 2016	2,442,931	—	426,732	1,857,262	4,726,925
Carrying amount					
At 31 Jan 2016	3,725,766	—	257,189	580,607	4,563,562
At 31 Jan 2015	3,940,133	61,692	306,444	577,073	4,885,342

Tangible assets held at valuation

Land and buildings at Field Road, Mildenhall, Suffolk were revalued in 1993 at £318,915.

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Freehold property £
At 31st January 2016	
Aggregate cost	14,409
Aggregate depreciation	(7,417)
Carrying value	6,992
At 31st January 2015	
Aggregate cost	21,826
Aggregate depreciation	(7,417)
Carrying value	14,409

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles £
At 31st January 2016	64,541
At 31st January 2015	300,366

P & F Safepac Co. Limited

Notes to the Financial Statements *(continued)*

Year ended 31st January 2016

15. Investments

	Shares in group undertakings £
Cost	
At 1 Feb 2015 and 31 Jan 2016	<u>1</u>
Impairment	
At 1 Feb 2015 and 31 Jan 2016	<u>-</u>
Carrying amount	
At 31st January 2016	<u>1</u>

Subsidiaries, associates and other investments

	Country of incorporation	Class of share	Percentage of shares held
Subsidiary undertakings			
Safepac Trustees Limited	United Kingdom	Ordinary	100

The results and capital and reserves for the year are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2016	2015	2016	2015
	£	£	£	£
Subsidiary undertakings				
Safepac Trustees Limited	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>

16. Stocks

	2016	2015
	£	£
Raw materials and consumables	<u>202,283</u>	<u>184,395</u>

17. Debtors

	2016	2015
	£	£
Trade debtors	1,753,920	2,096,979
Prepayments and accrued income	104,503	88,150
Other debtors	27,203	47,950
	<u>1,885,626</u>	<u>2,233,079</u>

P & F Safepac Co. Limited

Notes to the Financial Statements *(continued)*

Year ended 31st January 2016

18. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2016	2015
	£	£
Cash at bank and in hand	25,210	10,197
Bank overdrafts	(203,809)	(6,354)
	<u>(178,599)</u>	<u>3,843</u>

19. Creditors: amounts falling due within one year

	2016	2015
	£	£
Bank loans and overdrafts	317,012	116,258
Trade creditors	414,618	627,872
Accruals and deferred income	50,205	24,289
Corporation tax	95	126,913
Social security and other taxes	57,814	59,100
Obligations under finance leases and hire purchase contracts	25,768	78,710
Director loan accounts	780,506	902,768
Other creditors	162,036	264,048
	<u>1,808,054</u>	<u>2,199,958</u>

The bank loans and overdrafts are secured by way of mortgages over the property owned by the company, a fixed and floating charge over all current and future assets of the company and a charge of debt over the balances owed by the company to the directors.

The aggregate liability of creditors under one year over which security is held is £1,123,286 (2015: £1,097,736).

20. Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Bank loans and overdrafts	1,910,839	2,014,719
Obligations under finance leases and hire purchase contracts	5,147	65,130
Derivative financial liability	165,761	—
Other creditors	—	144,092
	<u>2,081,747</u>	<u>2,223,941</u>

Included within creditors: amounts falling due after more than one year is an amount of £1,429,397 (2015: £1,542,600) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

This is all payable by instalments, with interest charged at 1.85% above LIBOR rate. The final payment to repay the loan, interest and any other amounts outstanding to be made in April 2030.

P & F Safepac Co. Limited

Notes to the Financial Statements *(continued)*

Year ended 31st January 2016

20. Creditors: amounts falling due after more than one year *(continued)*

The aggregate liability within creditors over one year over which security is held is £1,915,986 (2015: £2,079,849).

The company enters into forward exchange currency contracts to mitigate the exchange rate risk. As at 31 January 2016 all contracts mature are due to within 23 months of the reporting date. The company's commitment is to sell \$3,900,000 and receive fixed Sterling amounts (2015 - \$nil).

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward rates for Sterling : Dollar at the balance sheet date.

21. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2016	2015
	£	£
Not later than 1 year	34,665	90,662
Later than 1 year and not later than 5 years	5,246	68,620
	<u>39,911</u>	<u>159,282</u>

22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016	2015
	£	£
Included in provisions (note 23)	<u>169,520</u>	<u>157,390</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016	2015
	£	£
Accelerated capital allowances	<u>169,520</u>	<u>157,390</u>

The unprovided deferred tax is an estimate of the tax that could be payable if the previously revalued property were to be sold at the value shown in note 10. It is not anticipated that the property will be sold in the foreseeable future.

23. Provisions

	Deferred tax (note 22)
	£
At 1st February 2015	157,390
Additions	12,130
At 31st January 2016	<u>169,520</u>

P & F Safepac Co. Limited

Notes to the Financial Statements *(continued)*

Year ended 31st January 2016

24. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £29,484 (2015: £22,436).

At the balance sheet date contributions of £4,067 (2015: £3,445) were outstanding and subsequently paid.

25. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>1,781,123</u>	<u>2,144,929</u>
Financial assets that are equity instruments measured at cost less impairment		
Financial assets that are equity instruments measured at cost less impairment	<u>1</u>	<u>1</u>
Financial liabilities measured at fair value through profit or loss		
Financial liabilities measured at fair value through profit or loss	<u>165,761</u>	<u>—</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>2,849,623</u>	<u>3,335,119</u>

26. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
'A' Ordinary shares of £1 each	272,572	272,572	272,572	272,572
'B' Ordinary shares of £1 each	100	100	100	100
'D' Ordinary shares of £1 each	54,627	54,627	82,092	82,092
'E' Ordinary shares of £0.01 each	1,362,860	13,629	1,362,860	13,629
'F' Ordinary shares of £0.01 each	479,130	4,791	479,130	4,791
	<u>2,169,289</u>	<u>345,719</u>	<u>2,196,754</u>	<u>373,184</u>

The number of shares outstanding at the year end date for all other classes of shares is consistent with the prior year.

During the year 27,465 'D' Ordinary shares of £1 were repurchased by the company.

P & F Safepac Co. Limited

Notes to the Financial Statements *(continued)*

Year ended 31st January 2016

27. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Share based payment reserve - This reserve records the value of the remaining cost on unconditional vesting of shares, if the value of the shares is less than the cost of the shares awarded, the difference is transferred between the SIP reserve and the profit and loss reserve.

28. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	£	£
Not later than 1 year	423,369	425,673
Later than 1 year and not later than 5 years	495,148	332,107
	<u>918,517</u>	<u>757,780</u>

29. Contingencies

The company has provided a guarantee to Natwest Bank plc in the sum of £18,000 in favour of HM Revenue and Customs.

30. Directors' advances, credits and guarantees

The directors have provided security in respect of a bank loan by way of a charge of debt over the balances owed to them by the company.

P & F Safepac Co. Limited

Notes to the Financial Statements *(continued)*

Year ended 31st January 2016

31. Related party transactions

The company had the following balances outstanding at the year end:

	2016	2015
	£	£
Owed by Eurogroup International Movers Limited	99,542	100,279
Owed to Eurogroup International Movers Limited	11,479	783
Owed by APAK Relocations Limited	678	-
Owed by APAK Relocations Limited	65,741	98,067
Owed by Homestore Limited	756	100
Owed to Homestore Limited	2,633	6,044
Owed to P & F Safepac Company Limited Directors Pension Scheme	81,600	204,000
Owed by P & F Safepac Company Limited Directors Pension Scheme	-	-

The following transactions took place with related parties during the year:

	2016	2015
	£	£
Sales to Eurogroup International Movers Limited	555,974	595,901
Purchases from Eurogroup International Movers Limited	39,051	27,255
Sales to APAK Relocations Limited	352,465	474,540
Purchases from APAK Relocations Limited	565	4,520
Rent charged to Homestore Limited	269,280	211,327
Other sales to Homestore Limited	4,947	17,030
Purchases from Homestore Limited	53,050	52,718
Rent to P & F Safepac Company Limited Directors Pension Scheme	68,000	68,000

Mr W P Flynn and Mr D A Flynn are shareholders and directors of P & F Safepac Company Limited and Eurogroup International Movers Limited (formerly Euro-USA Shipping Limited) and are directors of Home Store Limited throughout the current and previous year.

APAK Relocations Limited is a wholly owned subsidiary of Eurogroup International Movers Limited.

P & F Safepac Company Limited Directors' Pension Scheme will provide pensions to Mr W P Flynn and Mr D A Flynn on their retirement.

The company was under the joint control of the directors Mr W P Flynn and Mr D A Flynn (who are also the majority shareholders) in both the current and previous year. During the year there were net transactions between the company and Mr W P Flynn and Mr D A Flynn amounting to £122,261 (2015: £140,342). At the balance sheet date an amount of £780,507 (2015: £902,768) was owed to Mr W P Flynn and Mr D A Flynn.

Dividends of £160,000 were issued to 'B' Ordinary shareholder in the period.

32. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1st February 2014.

No transitional adjustments were required in equity or profit or loss for the year.

P & F Safepac Co. Limited

Notes to the Financial Statements *(continued)*

Year ended 31st January 2016

33. Other reserves

Investment: Own shares

	'D' Shares held in trust	'F' Shares held in trust	Nominal value £	Cost £	Total £
At 1st February 2015	82,092	479,130	86,883	3,724,034	3,724,034
Shares vested unconditionally	(27,465)	-	(27,465)	(21,240)	(21,240)
	<u>54,627</u>	<u>479,130</u>	<u>59,418</u>	<u>3,702,794</u>	<u>3,702,794</u>
QUEST	18,276	91,380	19,190	1,999,475	1,999,475
SIP	36,351	387,750	40,228	1,703,319	1,703,319
	<u>54,627</u>	<u>479,130</u>	<u>59,418</u>	<u>3,702,794</u>	<u>3,702,794</u>

The P & F Safepac Company Limited Share Incentive Plan was established to purchase shares for the benefit of the employees. The aim is to provide free shares to all employees over a five year period. On 17th December 2009, 77,550 Ordinary £1.00 'D' Shares were granted, the value of the shares at the grant date was £59,972. As P & F Safepac Company Limited is a private company, there is no observable market price for the shares granted. Therefore, the value of the shares was measured using generally accepted valuation methodology which allowed for this.

As the value of the shares is less than the cost of the shares, the difference is being transferred from the SIP reserve to the profit and loss reserve over the vesting period.

The P & F Safepac Company Limited QUEST is governed by a trust deed dated 1 September 2003. The QUEST trustees hold shares for the benefit of the employees generally. The aim is to appropriate the shares to the employees on a long term basis.