

Registered number: 02765595

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

COMPANY INFORMATION

Directors	M Allen T V Mourik C L Price M Warren N S Jury
Company secretary	M Allen
Registered number	02765595
Registered office	Ground Floor, Irene House Five Arches Business Park Maidstone Road Sidcup Kent DA14 5AE
Independent auditor	Mazars LLP Chartered Accountants and Statutory Auditor 6th Floor Times House Throwley Way Sutton Surrey SM1 4JQ

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

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WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their Strategic Report for the year ended 31 December 2018.

Principal activity

The principal activity of the Company is that of road haulage and storage of perishable goods.

Fair review of the business

We are pleased to report another year of growth with turnover increasing by 11.5% to £42.7m. The year has also seen us return to historic profit levels after the expense last year of opening a new facility in Rugby. Our outlook and potential remains positive now that we are able to offer a solution to all retailers in the UK.

Principal risks and uncertainties

The Company operates a treasury function which is responsible for managing the liquidity and interest risks associated with its activities.

The Company's principal financial instruments include bank overdrafts and loans, the main purpose of which is to raise finance for its operations. In addition, the Company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

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

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.

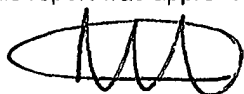
Investments of cash surpluses and borrowings are made through banks and institutions which must fulfil credit rating criteria approved by the Board. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

Key performance indicators

The Company's key financial performance indicators during the year are as follows:

	Unit	2018	2017
Turnover	£	42,697,341	38,276,085
Gross margin	%	59	61
EBIT	£	3,337,830	1,998,192

This report was approved by the board on 17TH SEPTEMBER 2019 and signed on its behalf.



M Allen
Director

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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

Results and dividends

The profit for the year, after taxation, amounted to £2,438,617 (2017 - £396,929).

Directors

The Directors who served during the year were as follows:

M Allen
T V Mourik (appointed 1 March 2018)
C L Price (appointed 1 March 2018)
M Warren
N S Jury (appointed 1 March 2018)

Future developments

Next year should see the roll out of a new warehouse management system, which will give greater visibility into the warehouse operations. The system will be developed with many enhancements, including a finance module that will accelerate the sales invoicing process and improve the accuracy of invoices raised.

Although early days, our partnership with the Culina Group has brought synergies and further opportunities.

Employee involvement

The Company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Disabled employees

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Auditors

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

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

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

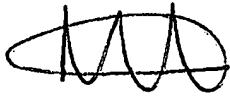
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Withdrawal of the United Kingdom from the European Union

The terms on the withdrawal of the United Kingdom from the European Union are unclear, therefore it is not possible to evaluate all the potential implications to the Company in relation to its ongoing business, including trade, customers and suppliers, and the broader economy.

This report was approved by the board on 17th September 2019 and signed on its behalf.

A handwritten signature in black ink, consisting of a series of loops and a final horizontal stroke.

M Allen
Director

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 audited 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

Opinion

We have audited the financial statements of Warrens Warehousing & Distribution (Midlands) Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 31 December 2018 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.

The impact of uncertainties due to the United Kingdom exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 2.

The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to Brexit.

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED (CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED (CONTINUED)

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 or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 on page 4, 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED (CONTINUED)

Use of our 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.



Mike Bailey (Senior Statutory Auditor)

for and on behalf of
Mazars LLP

Chartered Accountants and Statutory Auditor

6th Floor
Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

Date: 18 SEPTEMBER 2019

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	42,697,341	38,276,085
Cost of sales		(17,699,952)	(15,059,314)
Gross Profit		<u>24,997,389</u>	<u>23,216,771</u>
Administrative expenses		(21,659,559)	(21,218,579)
Operating Profit	5	<u>3,337,830</u>	<u>1,998,192</u>
Other interest receivable and similar income	9	-	350
Interest payable and similar expenses	10	(410,242)	(253,825)
Profit before Taxation		<u>2,927,588</u>	<u>1,744,717</u>
Tax on profit	11	(488,971)	(1,347,788)
Profit for the Financial Year and Total Comprehensive Income for the Year		<u><u>2,438,617</u></u>	<u><u>396,929</u></u>

The notes on pages 12 to 26 form part of these financial statements.

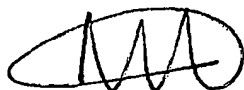
WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED
REGISTERED NUMBER: 02765595

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed Assets			
Tangible assets	12	7,567,086	6,656,079
Other financial assets	13	3	3
		<u>7,567,089</u>	<u>6,656,082</u>
Current Assets			
Stocks	14	118,656	123,813
Debtors	15	10,121,260	11,093,879
Cash at bank and in hand	16	3,254,160	843,547
		<u>13,494,076</u>	<u>12,061,239</u>
Creditors: Amounts falling due within one year	17	(8,567,136)	(7,426,901)
Net Current Assets		<u>4,926,940</u>	<u>4,634,338</u>
Total Assets less Current Liabilities		<u>12,494,029</u>	<u>11,290,420</u>
Creditors: Amounts falling due after more than one year	18	(586,449)	(1,790,463)
Provisions for liabilities	20	-	(30,994)
Net Assets		<u><u>11,907,580</u></u>	<u><u>9,468,963</u></u>
Capital and Reserves			
Called up share capital	21	1,111	1,111
Capital redemption reserve		1,000	1,000
Profit and loss account		11,905,469	9,466,852
Total Equity		<u><u>11,907,580</u></u>	<u><u>9,468,963</u></u>

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

17th September 2019



M Allen
Director

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2018	1,111	1,000	9,466,852	9,468,963
Comprehensive Income for the Year				
Profit for the year	-	-	2,438,617	2,438,617
At 31 December 2018	<u>1,111</u>	<u>1,000</u>	<u>11,905,469</u>	<u>11,907,580</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2017	1,111	1,000	9,069,923	9,072,034
Comprehensive Income for the Year				
Profit for the year	-	-	396,929	396,929
At 31 December 2017	<u>1,111</u>	<u>1,000</u>	<u>9,466,852</u>	<u>9,468,963</u>

The notes on pages 12 to 26 form part of these financial statements.

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Warrens Warehousing & Distribution (Midlands) Limited is a private limited company, limited by shares and incorporated in England and Wales.

The address of its registered office is:

Ground Floor, Irene House
Five Arches Business Park
Maidstone Road
Sidcup
Kent
DA14 5AE

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Warrens Warehousing Group Limited as at the year ended 31 December 2018 and these financial statements may be obtained from Companies House at Crown Way, Cardiff, CF14 3UZ.

2.3 Going concern

After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales / value added tax, returns, rebates and discounts and after eliminating sales within the Company.

The Company recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the Company's activities.

2.5 Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance costs in the Statement of Comprehensive Income and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

2.6 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.7 Finance costs

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

2.8 Defined contribution pension obligation

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a pension fund and the Company has no legal or constructive obligation to pay further contributions, even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as an employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.9 Current and deferred taxation

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

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and on unused tax losses or tax credits in the Company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.10 Tangible fixed assets

Tangible assets are stated in the Statement of Financial Position at cost, less any subsequent accumulated depreciation and impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged so as to allocate the cost of assets, less their estimated residual value, over their expected useful lives on the following bases:

Depreciation is provided on the following basis:

Long-term leasehold property	-	18% straight line
Motor vehicles	-	13% - 18% straight line
Fixtures and fittings	-	10% - 26% straight line
Office equipment	-	10% - 50% straight line

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value.

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

2.12 Trade and other debtors

Trade and other debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment, except where the effect of discounting would be immaterial. In such cases, debtors are stated at transaction price less impairment losses. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the transaction.

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2.14 Trade and other creditors

Trade and other creditors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, except where the effect of discounting would be immaterial. In such cases, creditors are stated at transaction price.

2.15 Borrowings costs

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Comprehensive Income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2.16 Provisions for liabilities

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

2.17 Financial instruments

Classification

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.

Financial assets are classified as financial assets at fair value through profit or loss, loans and debtors, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial liabilities are classified as financial liabilities at fair value through profit and loss, loans and borrowings, trade and other creditors, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.17 Financial instruments (continued)

Recognition and measurement

All financial instruments are recognised initially at fair value plus transaction costs. Thereafter financial instruments are stated at amortised cost using the effective interest rate method (less impairment where appropriate) unless the effect of discounting would be immaterial in which case they are stated at cost (less impairment where appropriate). The exception to this are those financial instruments where it is a requirement to continue recording them at fair value through profit and loss.

Impairment

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 of the investment have been affected.

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

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historic 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

There are no significant critical judgements that the Directors have made in applying the Company's accounting policies that have any significant effect on the amounts recognised in the financial statements.

4. Turnover

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2018 £	2017 £
Haulage & storage services	42,697,341	38,276,085

The analysis of the Company's turnover for the year by market is as follows:

	2018 £	2017 £
United Kingdom	42,697,341	38,276,085

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

5. Operating profit

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

	2018 £	2017 £
Depreciation expense	1,520,231	1,409,460
Operating lease expense - property	1,949,688	2,183,468
Operating lease expense - plant and machinery	972,007	762,774
Profit on disposal of property, plant and equipment	(112,627)	(63,866)
	<u> </u>	<u> </u>

6. Auditor's remuneration

	2018 £	2017 £
Audit of the financial statements	<u>29,000</u>	<u>29,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Consolidated Group accounts.

7. Staff costs

The aggregate payroll costs, including Directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	16,552,856	14,770,638
Social security costs	928,599	971,281
Other employee expense	134,817	170,268
Pension costs, defined contribution scheme	128,028	154,897
	<u>17,744,300</u>	<u>16,067,084</u>

The average number of persons employed by the Company, not including Directors, during the year, analysed by category was as follows:

	2018 £	2017 £
Warehouse	194	178
Drivers	143	172
Administration and support	23	29
	<u>360</u>	<u>379</u>

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Directors' remuneration

The Directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	270,800	137,919
Pension	5,000	30,000
	<u>275,800</u>	<u>167,919</u>

In respect of the highest paid Director:

	2018 £	2017 £
Remuneration	141,000	96,000
Pension	5,000	30,000
	<u>146,000</u>	<u>126,000</u>

During the year, one Director received retirement benefits.

9. Other interest receivable and similar income

	2018 £	2017 £
Interest income on bank deposits	-	350
	<u>-</u>	<u>350</u>

10. Interest payable and similar expenses

	2018 £	2017 £
Hire purchase interest	247,707	248,083
Other interest payable	158,582	-
Interest on bank overdrafts and borrowings	3,953	5,742
	<u>410,242</u>	<u>253,825</u>

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. Taxation

	2018 £	2017 £
Current Tax		
UK Corporation Tax	830,765	298,096
UK Corporation Tax adjustment to prior periods	(97,751)	1,000,000
Total Current Tax	<u>733,014</u>	<u>1,298,096</u>
Deferred Tax		
Current year	(263,268)	49,692
Adjustment in respect of prior periods	(5,839)	-
Impact of change in tax rate - current period	25,064	-
Total Deferred Tax	<u>(244,043)</u>	<u>49,692</u>
Total Tax	<u><u>488,971</u></u>	<u><u>1,347,788</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - higher than) the standard rate of Corporation Tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>2,927,587</u>	<u>1,744,717</u>
UK Corporation Tax rate of 19% (2017 - 19%)	556,242	331,496
Effects of:		
Expenses not deductible in determining taxable profit	11,255	9,817
Impact of changes in tax rate - current year	25,064	3,820
Prior year adjustments	(103,590)	-
Exceptional item	-	1,000,000
Other	-	2,655
Total tax charge for the year	<u><u>488,971</u></u>	<u><u>1,347,788</u></u>

Factors that may affect future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 19% (2017: 19%). Changes to the UK Corporation Tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Tangible fixed assets

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 January 2018	44,800	12,296,814	840,448	1,717,076	14,899,138
Additions	153,813	2,131,208	175,735	100,055	2,560,811
Disposals	-	(1,411,287)	-	-	(1,411,287)
At 31 December 2018	<u>198,613</u>	<u>13,016,735</u>	<u>1,016,183</u>	<u>1,817,131</u>	<u>16,048,662</u>
Depreciation					
At 1 January 2018	44,800	7,593,393	272,799	332,067	8,243,059
Charge for the year	24,409	1,111,888	127,420	256,514	1,520,231
Disposals	-	(1,281,714)	-	-	(1,281,714)
At 31 December 2018	<u>69,209</u>	<u>7,423,567</u>	<u>400,219</u>	<u>588,581</u>	<u>8,481,576</u>
Net book value					
At 31 December 2018	<u>129,404</u>	<u>5,593,168</u>	<u>615,964</u>	<u>1,228,550</u>	<u>7,567,086</u>
At 31 December 2017	<u>-</u>	<u>4,703,421</u>	<u>567,649</u>	<u>1,385,009</u>	<u>6,656,079</u>

The net book value of amounts held under finance leases or hire purchase contracts as at 31 December 2018 was £3,800,347 (2017: £4,915,036).

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13. Other financial assets

	Financial assets £
Cost or valuation	
At 1 January 2018	495,026
At 31 December 2018	<u>495,026</u>
Impairment	
At 1 January 2018	495,023
At 31 December 2018	<u>495,023</u>
Net book value	
At 31 December 2018	<u>3</u>
At 31 December 2017	<u>3</u>

14. Stocks

	2018 £	2017 £
Other inventories	<u>118,656</u>	<u>123,813</u>

The cost of stocks recognised as an expense in the year amounted to £9,086,468 (2017: £7,904,904).

15. Debtors

	2018 £	2017 £
Trade debtors	8,585,068	7,603,850
Prepayments and accrued income	986,481	314,500
Tax recoverable	256,876	256,876
Deferred taxation	213,049	-
Other debtors	79,786	2,918,653
	<u>10,121,260</u>	<u>11,093,879</u>

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	3,254,160	843,547

17. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	4,210,180	2,998,167
Obligations under finance lease and hire purchase contracts	1,227,591	1,521,179
Corporation tax	901,293	1,298,096
Amounts owed to group undertakings	908,481	77,716
Other taxation and social security	614,340	761,220
Other creditors	398,590	395,302
Accruals and deferred income	306,661	375,221
	<u>8,567,136</u>	<u>7,426,901</u>

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

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	586,449	1,790,463

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

19. Loans and borrowings

	2018 £	2017 £
Non-current loans and borrowings		
Finance lease liabilities	586,449	1,790,463
	<u>586,449</u>	<u>1,790,463</u>
	2018 £	2017 £
Current loans and borrowings		
Finance lease liabilities	1,227,591	1,521,179
	<u>1,227,591</u>	<u>1,521,179</u>

Other borrowings

Obligations under finance lease and hire purchase contracts with a carrying amount of £1,814,040 (2017: £3,311,642) is denominated in Sterling with a nominal interest rate of 4 - 6%. The final instalment is due on 28 February 2021.

The liabilities are secured against the assets concerned. Repayments are monthly instalments representing principal and interest.

20. Deferred taxation

The provision for deferred tax consists of the following deferred tax (liabilities) / assets:

	2018 £
At 1 January 2018	(30,994)
(Charge) / credit to profit or loss	244,043
At 31 December 2018	<u>213,049</u>

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Difference between accumulated depreciation and amortisation and capital allowances	207,412	(30,994)
Other short-term timing differences	5,637	-
	<u>213,049</u>	<u>(30,994)</u>

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

21. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1,111 Ordinary shares shares of £1 each	1,111	1,111

22. Pension commitments

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £128,028 (2017: £154,897).

Contributions totalling £32,595 (2017: £25,701) were payable to the scheme at the end of the year and are included in creditors.

23. Commitments under operating leases

At 31 December 2018, the Company had future minimum lease payments as follows:

	2018 £	2017 £
Not later than one year	2,358,966	985,098
Later than one year and not later than five years	5,719,007	1,554,887
Later than 5 years	3,836,264	-
	<u>11,914,237</u>	<u>2,539,985</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,912,113 (2017: £3,000,824).

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

24. Related party transactions

Summary of transactions with key management

Remuneration of key management personnel is the same as the remuneration disclosed in note 7.

Transactions with Directors

During the year, loan balances existed with two Directors:

	2018 £	2017 £
Loan 1	51,140	154,972
Loan 2	11,066	2,940

Loan 1

The amount repaid in the year was £134,321.

Further amounts loaned in the year totalled £30,489.

The loan was provided interest free.

Loan 2

The amount repaid in the year was £2,940.

Further amounts loaned in the year totalled £11,066.

The loan was provided interest free.

Summary of transactions with other related parties

The Company has taken advantage of the exemption in FRS 102 33.1A "Related Party Disclosures" from disclosing transactions with other members of the Group.

Remuneration paid to the wives of the Directors was £nil (2017: £97,744).

Expenditure with and payables to related parties

	2018 £	2017 £
Payments made under finance leases	812,103	703,327
Rental expenses incurred	1,059,610	1,209,120
	<u>1,871,713</u>	<u>1,912,447</u>

These are transactions with companies related due to joint control or significant influence.

WARRENS WAREHOUSING & DISTRIBUTION (MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Loans to related parties

	2018 £	2017 £
At 1 January 2018	2,744,500	3,882,263
Advanced	-	400,000
Repaid	(2,744,500)	(1,537,763)
At 31 December 2018	-	2,744,500

These are loans to companies related due to joint control or significant influence.

Loans from related parties

	2018 £	2017 £
At 1 January 2018	-	178,000
Advanced	89,919	59,000
Repaid	(21,821)	(237,000)
At 31 December 2018	68,098	-

These are loans from companies related due to joint control or significant influence.

Summary of transactions with other related parties

At the year end, the Company owed Warrens Warehousing Group Limited, its immediate parent company, £77,717. This is disclosed in Note 17.

At the year end, the Company owed £830,765 to other group companies. This is disclosed in Note 17.

25. Controlling party

The immediate parent company is Warrens Warehousing Group Limited, a company registered in England and Wales.

The ultimate parent undertaking is Unternehmensgruppe Theo Müller S.e.c.s., a partnership registered in Luxembourg. This entity prepares Group financial statements which are publicly available and can be obtained from Unternehmensgruppe Theo Müller S.e.c.s., 2b rue Albert Borschette, L-1246 Luxembourg. The ultimate controlling party is Herr Theo Müller.