

COMPANY REGISTRATION NUMBER: 3090130

Cargo Services (UK) Limited
Filleted Financial Statements
31 December 2017

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COMPANIES HOUSE

CLIFTON HOUSE PARTNERSHIP
Chartered Accountants & statutory auditor
Clifton House
Four Elms Road
Cardiff
CF24 1LE

Cargo Services (UK) Limited

Financial Statements

Year ended 31 December 2017

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Cargo Services (UK) Limited
Officers and Professional Advisers

The board of directors

D.A. Davies
J.P.L. Davey
M. Newell

Company secretary

M. Newell

Registered office

Birdport
Corporation Road
Newport
South Wales
NP19 4RE

Auditor

Clifton House Partnership
Chartered Accountants & statutory auditor
Clifton House
Four Elms Road
Cardiff
CF24 1LE

Bankers

HSBC Bank plc
56 Queen Street
Cardiff
CF10 2PX

Cargo Services (UK) Limited
Directors' Responsibilities Statement
Year ended 31 December 2017

The directors are responsible for preparing 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). 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.

Cargo Services (UK) Limited

Statement of Financial Position

31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	7	1,271,666	1,242,500
Investments	8	<u>544,888</u>	<u>544,888</u>
		1,816,554	1,787,388
Current assets			
Stocks		15,000	24,500
Debtors	9	1,847,172	1,543,977
Cash at bank and in hand		<u>133</u>	<u>210</u>
		1,862,305	1,568,687
Creditors: amounts falling due within one year	10	<u>3,258,237</u>	<u>3,005,814</u>
Net current liabilities		1,395,932	1,437,127
Total assets less current liabilities		420,622	350,261
Creditors: amounts falling due after more than one year	11	100,118	182,375
Provisions			
Taxation including deferred tax		<u>55,616</u>	<u>39,638</u>
Net assets		<u>264,888</u>	<u>128,248</u>
Capital and reserves			
Called up share capital		10,000	10,000
Share premium account		50,000	50,000
Profit and loss account		<u>204,888</u>	<u>68,248</u>
Shareholders funds		<u>264,888</u>	<u>128,248</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of income and retained earnings has not been delivered.

The statement of financial position
continues on the following page.

The notes on pages 5 to 13 form part of these financial statements.

Cargo Services (UK) Limited

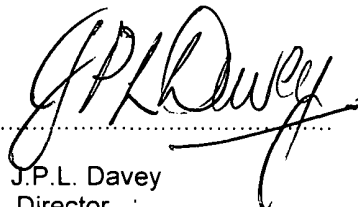
Statement of Financial Position *(continued)*

31 December 2017

These financial statements were approved by the board of directors and authorised for issue on 29 May 2018, and are signed on behalf of the board by:



D.A. Davies
Director



J.P.L. Davey
Director

Company registration number: 3090130

The notes on pages 5 to 13 form part of these financial statements.

Cargo Services (UK) Limited

Notes to the Financial Statements

Year ended 31 December 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Birdport, Corporation Road, Newport, South Wales, NP19 4RE.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of 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 and investment properties measured at fair value through profit or loss.

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

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows: 1. Depreciation of tangible fixed assets. 2. Year-end accruals and prepayments, 3. Valuation of year-end stocks of spares, gas oil and consumables.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

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.

Cargo Services (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

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.

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:

Trade buildings	-	over 7.5 - 20 years
Plant and machinery	-	over 3 - 10 years
Fixtures and equipment	-	over 3 - 10 years
Motor vehicles	-	over 3.5 years

Investments

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

Cargo Services (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Investments *(continued)*

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

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.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

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.

Cargo Services (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a 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.

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.

Cargo Services (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Particulars of employees

The average number of persons employed by the company during the year amounted to 58 (2016: 54).

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

	2017	2016
	£	£
Wages and salaries	1,997,695	1,797,816
Social security costs	182,410	152,965
Other pension costs	38,403	32,389
	<u>2,218,508</u>	<u>1,983,170</u>

Cargo Services (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

5. Amounts written back to investments

The amount of £185,895 under this heading relates to a payment under a group guarantee arrangement with HSBC Bank plc to clear the borrowings of subsidiary Cardiff Stevedoring and Cargo Handling Co Ltd upon that company's liquidation in March 2016.

6. Taxation on ordinary activities

Major components of tax expense/(income)

	2017 £	2016 £
Current tax:		
UK current tax expense	46,493	4,251
Deferred tax:		
Origination and reversal of timing differences	15,978	(4,798)
Taxation on ordinary activities	62,471	(547)

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.24% (2016: 20%).

	2017 £	2016 £
Profit/(loss) on ordinary activities before taxation	199,111	(246,633)
Profit/(loss) on ordinary activities by rate of tax	38,329	(49,327)
Effect of expenses not deductible for tax purposes	11,814	4,626
Effect of capital allowances and depreciation	12,336	14,975
Rounding on tax charge	(8)	–
Group dividend not chargeable	–	(8,000)
Group loan written off	–	37,179
Tax on profit/(loss)	62,471	(547)

Cargo Services (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

7. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2017	1,125,665	525,737	28,575	37,600	1,717,577
Additions	–	193,620	3,180	–	196,800
At 31 December 2017	1,125,665	719,357	31,755	37,600	1,914,377
Depreciation					
At 1 January 2017	216,831	211,725	22,508	24,013	475,077
Charge for the year	76,242	75,127	5,825	10,440	167,634
At 31 December 2017	293,073	286,852	28,333	34,453	642,711
Carrying amount					
At 31 December 2017	832,592	432,505	3,422	3,147	1,271,666
At 31 December 2016	908,834	314,012	6,067	13,587	1,242,500

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:

	Plant and machinery £	Motor vehicles £	Total £
At 31 December 2017	324,304	–	324,304
At 31 December 2016	206,467	13,587	220,054

8. Investments

	Shares in group undertakings £
Cost	
At 1 January 2017 and 31 December 2017	544,888
Impairment	
At 1 January 2017 and 31 December 2017	–
Carrying amount	
At 31 December 2017	544,888
At 31 December 2016	544,888

Cargo Services (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

9. Debtors

	2017 £	2016 £
Trade debtors	1,718,736	1,367,556
Other debtors	128,436	176,421
	<u>1,847,172</u>	<u>1,543,977</u>

10. Creditors: amounts falling due within one year

	2017 £	2016 £
Debenture loans	–	300,000
Bank loans and overdrafts	100,958	120,549
Trade creditors	606,621	471,379
Amounts owed to group undertakings	1,118,419	1,120,355
Accruals and deferred income	113,365	66,375
Corporation tax	46,493	4,251
Social security and other taxes	94,809	46,970
Obligations under finance leases and hire purchase contracts	84,820	60,611
Factoring loan	1,066,394	785,064
Other creditors	26,358	30,260
	<u>3,258,237</u>	<u>3,005,814</u>

The factoring loan is secured by a first charge over the company's trade debtors. Bank borrowings are secured by a cross guarantee arrangement between the company and its subsidiaries, but include £58,800 guaranteed under the Enterprise Finance Guarantee scheme. HSBC Bank plc also hold a debenture including fixed charge over all the company's assets.

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

	2017 £	2016 £
Bank loans and overdrafts	–	73,500
Accruals and deferred income	41,025	68,375
Obligations under finance leases and hire purchase contracts	59,093	40,500
	<u>100,118</u>	<u>182,375</u>

12. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2017 £	2016 £
Recognised in creditors:		
Deferred government grants due within one year	27,350	27,350
Deferred government grants due after more than one year	41,025	68,375
	<u>68,375</u>	<u>95,725</u>
Recognised in other operating income:		
Government grants recognised directly in income	27,350	27,350

Cargo Services (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

13. Financial instruments at fair value

Financial assets measured at amortised cost comprise investment in subsidiary companies, cash at bank and in hand, accrued income, trade debtors and other debtors (including group debt). Financial liabilities measured at amortised cost comprise bank loans, factoring loans, trade and other creditors, corporation tax, other taxation and social security, finance lease obligations and group debt.

14. Commitments under operating leases

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

	2017	2016
	£	£
Not later than 1 year	579,600	581,661
Later than 1 year and not later than 5 years	1,973,900	2,098,400
Later than 5 years	588,000	1,043,900
	<u>3,141,500</u>	<u>3,723,961</u>

15. Contingencies

A cross-guarantee arrangement exists between the company and its trading subsidiaries in respect of group bank and invoice finance borrowings. At 31 December 2017 the amount so guaranteed stood at £664,435.

16. Summary audit opinion

The auditor's report for the year dated 29 May 2018 was unqualified.

The senior statutory auditor was Ashok Aggarwal FCA, for and on behalf of Clifton House Partnership.

17. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	2017	
	Balance brought forward	Advances/ (credits) to the directors
	£	£
J.P.L. Davey	–	5,000
	<u>–</u>	<u>5,000</u>
		<u>Balance outstanding</u>
		£
		<u>5,000</u>