GAC Services (UK) Limited

Annual report and financial statements

Registered number SC121827

31 December 2019

Contents

Company information

Directors	Mr B Ekstrand Mr I Verheyen Mr H Jorgensen
Company number	SC121827
Registered office	GAC House Unit A, Inchyra Business Park Bo'ness Road Grangemouth FK3 9XF
Auditors	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG

Strategic Report

Principal Activities

The company has offices at all the major ports and oil and gas terminals throughout the UK in order to provide comprehensive port agency and related services to ship owners, ship operators, charterers and shippers for any type of vessel or commodity being shipped in vessels calling into the ports.

GAC Services investment in GAC Netherlands was transferred to GAC Holdings BV in December 2019.

During 2019 GAC Services generated a profit after tax of £ 352,514 *(2018: loss of 211,534).*

Credit risk is carefully monitored on a daily basis and all customers are vetted and required to enter into agreement with the company with agreed specific payment terms.

The directors regularly review trade debtors and pursue any outstanding debts on a timely basis. Where necessary, provisions are made for doubtful debts.

The company expects to be self-sufficient in funding the business going forward but has access to both short-term and long-term capital from the GAC group should the need arise. The accounts are prepared on a going concern basis, on the basis the company continues to receive the support of the parent company, as set out in note 1 to the accounts.

Key performance indicators

	2019	**2018**
Operating profit/gross profit %	**2.53%**	-0.01%
Staff costs/gross profit %	**58.86%**	54.35%
Current ratio	**1.02**	0.97
Operating working capital	**285,000**	(2,391,050)

Herman Jorgensen
Director

GAC House
Unit A, Inchyra Business Park
Bo'Ness Road
Grangemouth
FK3 9XF

Registered Company Number: SC121287

24 February 2020

Directors' report

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

Results and dividends

The results for the year are set out on page 7. No ordinary share dividend was paid in the year *(2018: £100,000)*.

Directors

The directors who held office during the year, and up to the date of this report, were as follows:

Mr I Verheyen
Mr B Ekstrand
Mr H Jorgensen

Political and charitable donations

The company made no political contributions during the year. Donations to UK charities amounted to £21,050 (*2018: £22,000*).

Employee involvement

The company recognises that discrimination in the workplace in any form is unacceptable and in most cases unlawful. The company has therefore adopted an Equal Opportunities Policy to ensure that all job applicants and employees are treated fairly and without favour or prejudice. The company is committed to applying this policy throughout all areas of employment, recruitment and selection, training, development and promotion. In accordance with the Disability Discrimination Act, all applicants will be judged solely on merit and ability. Employees who become disabled are retained in their existing posts were possible or retained for suitable alternative posts.

To ensure that the company reaches the widest cross section of the community, all vacancies will be advertised through the appropriate agencies, or independent media, as well as being advertised internally. The company will ensure that no job applicant or employee receives less favourable treatment on the grounds of race, colour, nationality, ethnic or national origin, sex, marital status, sexual orientation, disability, political opinion/affiliation, age, religion or belief.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Herman Jorgensen
Director

GAC House
Unit A, Inchyra Business Park
Bo'Ness Road
Grangemouth
FK3 9XF

Registered Company Number: SC121287

24 February 2020

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS
United Kingdom

Independent auditor's report to the members of GAC Services (UK) Limited

We have audited the financial statements of GAC Services (UK) Limited ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent auditor's report to the members of GAC Services (UK) Limited

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Katie Morrison (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

28 February 2020

Profit and Loss Account
for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	2	**33,390,817**	38,521,395
Cost of sales		**(18,659,754)**	(24,414,342)
Gross profit		**14,731,063**	14,107,053
Administrative expenses		**(14,358,181)**	(14,303,407)
Other operating income		**-**	1,620
Operating profit/(loss)		**372,882**	(194,734)
Dividend received	6	**47,329**	26,659
Profit/(loss) before taxation	3	**420,211**	(168,075)
Tax on profit/(loss)	7	**(60,084)**	(43,459)
Profit/(loss) for the financial year		**360,127**	**(211,534)**

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The company has no recognised gains or losses other than the result for the year as set out above.

The notes on pages 10-22 form part of these financial statements.

Balance Sheet
at 31 December 2019

	Note	2019 £	£	2018 £	£
Fixed assets					
Intangible assets - Goodwill	*8*		**-**		58,013
Tangible assets	*9*		**1,344,457**		1,703,816
Investments	*10*		**1,150,441**		1,386,475
			2,494,898		3,148,304
Current assets					
Debtors	*11*	**17,133,168**		19,692,247	
Cash at bank and in hand		**1,428,912**		1,753,774	
			18,562,080		21,446,022
Creditors: amounts falling due within one year	*12*		**(18,185,822)**		(22,083,297)
Net current assets/(liabilities)			**376,258**		(637,275)
Total assets less current liabilities			**2,871,156**		2,511,029
Creditors: amounts falling due after more than one year	*13*		**(25,000)**		(25,000)
Net assets			**2,846,156**		2,486,029
Capital and reserves					
Called up share capital	*15*		**25,000**		25,000
Profit and loss account			**2,821,156**		2,461,029
Equity Shareholders' funds			**2,846,156**		2,486,029

These financial statements were approved by the board of directors on 24 February 2020 and were signed on its behalf by:

Herman Jorgensen
Director

Company registered number: SC121827

The notes on pages 10-22 form part of these financial statements.

Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2018	25,000	2,772,563	2,797,563
Total comprehensive income for the period			
Loss for the financial year	-	(211,534)	(211,534)
Total comprehensive income for the period	-	(211,534)	(211,534)
Transactions with owners recorded directly in equity			
Dividend distributed	-	(100,000)	(100,000)
Total contributions by and distributions to owners	-	(100,000)	(100,000)
Balance at 31 December 2018	**25,000**	**2,461,029**	**2,486,029**

At 31 December 2018

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2019	25,000	2,461,029	2,486,029
Total comprehensive income for the period			
Profit for the financial year	-	360,127	360,127
Total comprehensive income for the period	-	360,127	360,127
Balance at 31 December 2019	**25,000**	**2,821,156**	**2,846,156**

The notes on pages 10-22 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

GAC Services (UK) Ltd (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2015. The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1.

The Company's ultimate parent undertaking, Gulf Agency Company Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Gulf Agency Company Limited are available to the public and may be obtained from the address in note 18. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Gulf Agency Company Limited include the equivalent disclosures, the company has also taken the exemptions under FRS102 available in respect of the following disclosures:

- The disclosures required by FRS102.11 Basic Financial Instruments and FRS102.12 Other Financial Instruments Issues in respect of financial instruments not falling within the fair value accounting rules of paragraph 36(4) of schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next years are discussed in note 19.

1.1 Measurement convention

The financial statements are presented on the historical cost basis

1.2 Going concern

In preparation of the financial statements on a going concern basis, the directors have reviewed the cash flow forecasts and working capital requirements on the Company for the 12 month period from date of board approval of these financial statements.

The directors are confident that the Company has adequate resources to continue operations for the foreseeable future. Accordingly they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions

- They include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or liabilities with another party under conditions that are potentially unfavourable to the Company; and
- Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are treated as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Investments in subsidiaries and jointly controlled entities

These are separate financial statements of the company. Investments in subsidiaries and jointly controlled entities are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Short leasehold improvements — over the lease term
- Computer equipment — over 3 to 5 years straight line years
- Fixtures and fittings — over 5 years straight line
- Vessels — over 5 years straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Company elected not to restate business combinations that took place prior to 1 January 2014. In respect of acquisitions prior to 1 January 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP.

1.8 Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Intangible assets, goodwill and negative goodwill (continued)

Amortisation

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 20 years

The assets are deemed to continue to be cash generating at current rates.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.9 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence exists that a loss event has occurred after the initial recognition of the asset, and that the loss event has had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.10 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.11 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1.12 Turnover

The company's turnover represents commission, charges and related income (including interest) in respect of amounts invoiced to customers, after deducting directly attributable expenses and excluding VAT. GAC Services (UK) Limited trades as a disclosed agent and only recognises its own commission as revenue in the profit and loss account on that portion of turnover that relates to Shipping Agency. Freight Forward turnover is recognised gross. Total invoiced sales, disbursements and related income excluding VAT but before deduction of directly attributable expenses, amounted to £154,786,720 *(2018: £159,146,051)*.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.13 Investments

Shares in Group undertakings are stated at cost less any provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Notes *(continued)*

2 Turnover

	2019 £	2018 £
Provision of services	**33,390,817**	38,521,395
By activity		
Shipping Agency	**10,717,947**	9,737,143
Freight Forwarding	**22,672,870**	28,784,252
	33,390,817	38,521,395
By geographical market		
UK and Europe	**33,390,817**	38,521,395

3 Expenses and auditor's remuneration

Included in profit/(loss) before taxation are the following:

	2019 £	2018 £
Amortisation of intangible assets	**58,013**	57,431
Depreciation of tangible assets	**432,559**	461,881
Loss on foreign exchange transactions	**144,326**	251,768
Operating lease rentals		
- Plant and machinery	**195,531**	128,395
- Other assets	**651,895**	633,141
Auditor's remuneration:		
- Audit of these financial statements	**55,700**	55,700

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2019	2018
Management and administration	**17**	17
Service	**173**	162
	190	179

The aggregate payroll costs of these persons were as follows:

	2019 £	2018 £
Wages and salaries	**7,542,073**	**6,717,249**
Social security costs	**844,348**	**720,610**
Contributions to defined contribution plans	**284,418**	**228,725**
	8,670,839	**7,666,584**

Notes *(continued)*

5 Directors' remuneration

	2019	2018
	£	£
Directors' remuneration	**148,200**	134,400

The remuneration of the highest paid director was £148,200 *(2018: £134,400)*. He was a member of a money purchase scheme, under which contributions totalling £nil *(2018: £5,584)* were paid. Two directors are remunerated by another GAC group entity and provided no material qualifying services to the Company during either the current or previous period.

	Number of directors 2019	2018
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	-	1

6 Other interest receivable and similar income

	2019	2018
	£	£
Dividend received from subsidiaries	**47,329**	26,659

7 Taxation

	2019	2018
	£	£
Current tax		
Group relief payable	**165,103**	-
Total current tax charge	**165,103**	-
Deferred tax		
Origination and reversal of timing differences	**(52,756)**	43,459
Prior year tax adjustment	**(52,263)**	-
Total deferred tax credit	**(105,019)**	43,459
Total tax charge	**60,084**	**43,459**

Notes *(continued)*

7 Taxation *(continued)*

	2019	2018
	£	£
Recognised in profit and loss account	**60,084**	43,459
Recognised in other comprehensive income	**-**	-
Total tax charge	**60,084**	43,459

Reconciliation of effective tax rate

	2019	2018
	£	£
'Profit/(loss) for the year	**360,127**	(211,534)
Tax charge for the year	**60,084**	43,459
Profit/(loss) for the year	**420,211**	(168,075)
Tax using the UK corporation tax rate of 19 % *(2018: 19 %)*	**79,840**	(31,934)
Ineligible depreciation	**3,629**	3,968
Non-deductible expenses	**34,615**	81,603
Tax rate differences	**6,207**	(5,113)
Revenue exempt from tax	**(11,944)**	(5,065)
Prior year tax adjustment	**(52,263)**	-
Total tax expense included in profit or loss	**60,084**	43,459

Reductions in the corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantially enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2019 has been calculated based on these rates. Refer to note 14.

Notes *(continued)*

8 Intangible assets and goodwill

	Goodwill £
Cost	
Balance at beginning and end of year	1,252,959
Amortisation and impairment	
Balance at 1 January 2019	1,194,946
Amortisation for the year	58,013
Balance at 31 December 2019	1,252,959
Net book value	
At 31 December 2018	**58,013**
At 31 December 2019	-

Amortisation and impairment charge

The amortisation, impairment charge and impairment reversals are recognised in the following line items in the profit and loss account:

	2019 £	2018 £
Administrative expenses	**58,013**	57,431

Notes *(continued)*

9 Tangible fixed assets

	Short leasehold improvements £	Fixtures, fittings & equipment £	Computer equipment £	Vessels £	Total £
Cost					
Balance at 1 January 2019	72,308	326,439	407,815	1,996,578	2,803,140
Additions	-	45,315	12,311	15,575	73,201
Balance at 31 December 2019	72,308	371,754	420,126	2,012,153	2,876,341
Depreciation and impairment					
Balance at 1 January 2019	43,217	201,994	323,321	530,792	1,099,324
Depreciation charge for the year	12,466	86,551	55,031	278,511	432,559
Balance at 31 December 2019	55,683	288,545	378,352	809,303	1,531,883
Net book value					
At 1 January 2019	29,091	124,445	84,494	1,465,786	1,703,816
At 31 December 2019	**16,625**	**83,209**	**41,774**	**1,202,850**	**1,344,458**

10 Fixed asset investments

	Shares in group undertakings £
Cost at beginning of year	1,386,475
Disposals	(236,034)
Cost at end of year	1,150,441

The Company has the following investments in subsidiaries and jointly controlled entities

	Country of incorporation	Registered address	Class of shares held	Ownership 2019 %	Ownership 2018 %	Activity
Subsidiary Undertaking						
GAC Nordic A/S	Denmark	Hummeltoftevej 49, 2830 Virum, Denmark	Ordinary	100	100	Shipping Agents
Joint Venture Undertaking						
GAC Training and Services Solutions Ltd	England and Wales	National Maritime College of Ireland, Ringaskiddy, Cork, Ireland	Ordinary	50	50	Maritime Training

Notes *(continued)*

11 Debtors

	2019 £	2018 £
Trade debtors	**8,242,242**	15,358,928
Amounts owed by parent and fellow subsidiary undertakings	**-**	-
Amounts owed by subsidiary undertakings	**3,451,295**	2,629,504
Deferred Tax Asset (refer to note 14)	**135,868**	30,849
Other debtors	**3,571,109**	1,012,342
Taxation and social security	**-**	-
Prepayments and accrued income	**1,732,654**	660,624
	17,133,168	19,692,247
Due within one year	**17, 133,168**	19,692,247

12 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	**16,688,804**	18,182,686
Amounts owed to parent and fellow subsidiary undertakings	**-**	
Amounts owed to subsidiary undertakings	**24,274**	1,380,222
Corporation tax – group relief payable	**481,040**	308,324
Other creditors	**89,597**	45,228
Accruals and deferred income	**902,107**	2,166,837
	18,185,822	22,083,297

All intergroup amounts are non-interest bearing and are repayable on demand.

13 Creditors: amounts falling after more than one year

	2019 £	2018 £
Preference shares classed as a financial liability	**25,000**	25,000

14 Deferred tax assets

Deferred tax assets are attributable to the following:

	2019 £	2018 £
Accumulated depreciation more than capital allowances	**130,985**	(10,799)
Other timing differences	**4,883**	8,871
Losses recognised	-	32,777
	135,868	30,849

Notes *(continued)*

15 Capital and Reserves

Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
25,000 ordinary shares of £1 each	**25,000**	25,000
10 % cumulative non participating preference shares of £1 each	**25,000**	25,000
	50,000	50,000
Shares classified as liabilities	**25,000**	25,000
Shares classified in shareholders' funds	**25,000**	25,000
	50,000	50,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

16 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019 £	2018 £
Less than one year	**751,938**	705,274
Between one and five years	**2,113,371**	1,878,279
	2,865,309	2,583,553

During the year £784,898 was recognised as an expense in the profit and loss account in respect of operating leases (*2018: £761,536*).

Notes *(continued)*

17 Contingencies

There were contingent liabilities in respect of guarantees entered into in the normal course of business amounting to £3,058,000 as at 31 December 2019 *(2018: £638,000)*.

18 Ultimate parent company and parent company of larger group

The immediate parent company is Ord Brough and Collins Limited, a company registered in England and Wales. The ultimate parent company is the Gulf Agency Company Limited, a company registered in Lichtenstein.

The only group in which the results of the company are consolidated is that headed by Gulf Agency Company Limited. The consolidated accounts of Gulf Agency Company Limited can be obtained from Gulf Agency Company Ltd, P.O. Box 18006, Jebel Ali Free Zone, Dubai, United Arab Emirates.

The company is ultimately controlled by the Stablehold Foundation, which is situated in Lichtenstein.

19 Accounting estimates and judgements

Key sources of estimation uncertainty

The company believes that there are no areas of material estimation uncertainty which affect the financial results.

Critical accounting judgements in applying the Company's accounting policies

The company believes that the major judgement applied is the use of the going concern principle which supports the valuation of assets included in the Balance Sheet.

Investments are valued on the basis of company best estimates of carrying value that are subject to a variety of economic factors affecting the industry in which they operate.