

TRANS GLOBAL FREIGHT MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2021

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COMPANIES HOUSE

Trans Global Freight Management Limited**Directors**

B.J. Ruck
S. Knight
D. Sen
L.A Bolsover
P.S. Chogle
S.D Rawlinson
D. Carpentier

Secretary and Registered Office

D. Sen
Woodlands
High Street
Greenhithe
Kent DA9 9RD

Registered Number

01272658

Auditors

BDO LLP
55 Baker Street, London, W1U 7EU

Trans Global Freight Management Limited

Strategic Report

The directors present their Strategic Report for the year ended 31 December 2021.

Principal Activity

The Company's principal activity during the year continued to be that of the provision of international freight management and related services.

Business review, financial objectives and key performance indicators

The Company's activity is freight forwarding, the vast majority of which is shipments by air and ocean between the United Kingdom and other countries outside of the United Kingdom. The Company's intra EU trade is less than 2% of total revenues.

The profit for the year after taxation amounted to £2,677,402 (2020: £825,701).

The Company trades from 13 branch locations in the United Kingdom.

Whilst the year brought many challenges, it also presented many opportunities, extremely high freight rates enabled better returns to be achieved.

The directors are delighted with the results despite market conditions and expect the performance of the Company to be maintained in the current year.

The directors consider the key performance indicators to be the Gross profit and Administrative expenses, which are continually reviewed and action taken accordingly.

	2021 £	2020 £
Gross profit	17,493,972	11,608,066
Administration expenses	<u>13,966,860</u>	<u>11,041,218</u>

The figures do not bare comparison due to the outbreak of COVID-19 in 2020.

Principal Risks and Uncertainties

The management of the business and the execution of its strategy are subject to a number of risks. The key risks and uncertainties affecting the Company are considered to relate to:

- **Market risk:** Competition in the market place, including the current economic outlook and strength of the market, has a direct correlation to the Company's performance.

COVID

The effect of the worldwide COVID pandemic continued throughout 2021. The on going lack of international flights affected freight rates in that sector of the business. International container traffic was disrupted resulting in freight rates escalating to never before seen heights. This proved to be a positive factor for the Company as increased Gross Profit Margins were achieved

BREXIT

Whilst the company conduct minor intra EU trade, the requirement for increased documentation to accompany and control movement of goods between the UK and the EU has allowed additional services and fees to be received.

Trans Global Freight Management Limited

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

- **Credit risk:** The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the statement of financial position are net of allowance for credit losses, estimated by the Company's management based on prior experience and the current economic environment.

Credit risks are by far the most important area that require management attention. Clients are subject to regular credit review and amendment. There is a very wide customer base providing a natural protection against serious bad debt risk.

- **Interest rate risk:** The Company's interest bearing liabilities include the Company's invoice discounting facility, where rates are applied at the current market rates.
- **Liquidity risk:** With the existing uncertainty on the market there is a risk of shortage of liquidity.

The Company maintains a level of cash deposits and bank facilities deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The current levels of borrowing facilities, which are regularly reviewed by management are considered more than sufficient by management to cover the Company's working capital requirements.

- **Foreign exchange risk:** Being involved in international trade the Company's results depend on currency fluctuations.

Foreign exchange risk is limited as there is an offset of costs and sales in non-sterling transactions mainly in US Dollars.

The directors of the Company meet on a regular basis to consider all aspects of the economic environment and their effect upon the operations of the Company.

Corporate Governance reporting under Section 172 of the Companies Act 2006

The following disclosure describes how the directors have had regard to the matters set out in section 172(1) (a) to (f) and forms the Directors' statement required under section 414CZA of The Companies Act 2006. This new reporting requirement is made in accordance with the new corporate governance requirements identified in The Companies (Miscellaneous Reporting) Regulations 2018, which apply to company reporting on financial years starting on or after 1 January 2019.

The matters set out in section 172(1) (a) to (f) are that a director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term;
- b. the interests of the Company's employees;
- c. the need to foster the Company's business relationships with suppliers, customers and others;
- d. the impact of the Company's operations on the community and the environment;
- e. the desirability of the Company maintaining a reputation for high standards of business conduct; and;
- f. the need to act fairly between members of the Company.

The Key Stakeholder groups and how the Company has interacted with them

Debt Providers - The Company has a £10 Million pound Confidential Invoice Finance Facility (£8 Million as at 31 December 2020) enabling it to meet working capital and investment demands. Regular management information is provided to the single debt provider, who also conduct bi-annual debtor book audits. This has enabled the facility to be maintained at the levels required for the Company's business.

Trans Global Freight Management Limited

Strategic Report (continued)

The Key Stakeholder groups and how the Company has interacted with them (continued)

Workforce - The Company has over 240 employees, across 13 UK sites of which 11 are office only environments with cargo handling taking place at 2 sites, proving a full range of warehouse services.

The management structure is extremely "short" from a hierarchical point of view. There are 3 levels: directors, managers and staff. This enables a simple and effective two way communication. The executive director reports directly to the UK Board. Director and senior management meetings are held regularly. Department and office meetings are held at local levels. In addition to the direct communication mentioned above, the Company's intranet facility keeps staff aware of all policy and development matters.

The Company prides itself on the longevity of staff employment and low staff turnover rates. The structure explained above assists this greatly and with priorities always given to promotion within the organisation. The Company encourages continued educational involvement via industry and general training courses.

Governmental Authorities - The Company is impacted by HM Customs and Excise intervention in relation to Import & Export of cargo. Liaison, both directly with HMRC, and via Trade Association intervention and advice allows a two-way flow of information. The result of this engagement is beneficial for both sides. The Company becomes aware of updates to the HMRC procedures and HMRC receives trade views on the future developments, in particular on the UK's exit from the EU.

2 UK sites are also impacted by the Civil Aviation Authority (CAA). Registered agent status requires the company to complete the X-Ray of export Cargo prior to its flight. Maintenance of strict security procedures and staff recruitment in relevant centres, along with historic documentation requirements, enables the registered agent status to be upheld. This is supplemented by the CAA audit and unannounced security inspection. As a result of this engagement, the continued safety measures are applied to export freight and allows the maintenance of the registered agent status.

Suppliers - The Company is essentially a trader, it acquires component services from its suppliers in the logistics chain to offer the Customer a complete door-to-door service. Suppliers are therefore essential to the successful operation. Monitoring of supplier performance is undertaken by the Company on a continuous basis. From time to time changes to preferred suppliers will take place.

Shareholders - The Company is 100% owned by Trans Global Limited. Three Company Board members are also on the board of the Parent Company and report to it.

Clients – The Company has over 1500 UK based clients. Those are serviced at all levels on a regular and planned basis. The Company ensures repetitive business, repeat orders and high levels of client satisfaction.

Overseas partners – Working internationally the Company acts both as supplier and customer. Top 20 business partners are regularly visited by senior management team. Those relationships are rarely changed but regularly reviewed.

Key decisions by the board during the period

Being a part of a larger Group, where the key decisions are made at the Group level, no key decisions have been taken at the Company's level during the year.

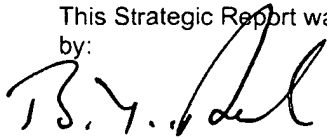
Trans Global Freight Management Limited**Strategic Report (continued)****Other matters**

There are no other matters that the directors consider are of a strategic importance.

This Strategic Report was approved by the board of directors and was signed on their behalf on

23/09/2022

by:

A handwritten signature in black ink, appearing to read 'B.J. Ruck', written over the printed name.

B.J. Ruck
Director

Trans Global Freight Management Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2021. The financial statements have been prepared under, and comply with, the 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".

Please refer to the Strategic Report on pages 2 to 5 for the names of the directors, Company's results and activities and the likely future developments of the Company and a discussion of the risks and uncertainties.

The company has taken the subsidiary exemption from reporting their UK emissions under S415 1A, this information can be found in the group accounts of Trans Global Limited.

Dividends

The directors do not recommend the payment of a dividend (2020: £Nil).

Statement as to disclosure of information to auditors

Each person who is a director at the time when this report is approved has confirmed that:

- (a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Independent auditors

BDO LLP has indicated its willingness to continue in office.

Statement of Directors' Responsibilities

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

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

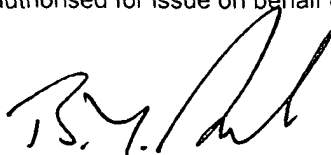
In preparing these financial statements, the directors are required to:

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

Trans Global Freight Management Limited**Directors' report (continued)****Statement of Directors' Responsibilities (continued)**

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.

Signed and authorised for issue on behalf of the Board on 23/09/2022

A handwritten signature in black ink, appearing to read 'B.J. Ruck', is written over the printed name.

B.J. Ruck

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANS GLOBAL FREIGHT MANAGEMENT LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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.

We have audited the financial statements of Trans Global Freight Management Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANS GLOBAL FREIGHT MANAGEMENT LIMITED (CONTINUED)

Other Companies Act 2006 reporting

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.

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 Statement of Directors' Responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company and industry, we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax and payroll tax. The Company is also subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of relevant applicable legislation in the countries where the Company operates.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANS GLOBAL FREIGHT MANAGEMENT LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (Continued)

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue, management bias in accounting estimates and the adoption of inappropriate accounting policies.

Audit procedures performed by the engagement team included:

- Inspecting correspondence with tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Discussions among the engagement team on how and where fraud might occur in the financial statements;
- Inspecting legal and professional fees for indications of non-compliance with laws and regulations;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, journal entries posted to revenue, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

DocuSigned by:

Ben Courts

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Benjamin Courts (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

55 Baker Street, London

Date 29 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (registered number OC305127).

Trans Global Freight Management Limited

Statement of Comprehensive Income
For the year ended 31 December 2021

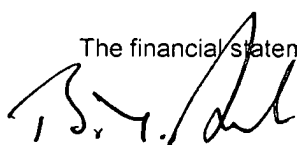
	<u>Notes</u>	<u>2021</u> £	<u>2020</u> £
Turnover	2c	233,298,414	208,968,746
Cost of sales		<u>(215,804,442)</u>	<u>(197,360,680)</u>
Gross Profit		17,493,972	11,608,066
Other income	16	-	547,590
Administrative expenses		<u>(13,966,860)</u>	<u>(11,041,218)</u>
Operating Profit	3	3,527,112	1,114,438
Interest payable and similar charges	5	<u>(192,126)</u>	<u>(106,461)</u>
Profit on Ordinary Activities before Taxation		3,334,986	1,007,977
Taxation	6	<u>(657,584)</u>	<u>(182,276)</u>
Profit for the Financial Year		<u>2,677,402</u>	<u>825,701</u>

The notes on pages 14 to 21 form part of these financial statements.

Trans Global Freight Management Limited
Statement of Financial Position as at 31 December 2021

	Notes	2021		2020	
		£	£	£	£
Fixed Assets					
Investments	7		174,448		174,448
Tangible assets	8		<u>1,589,818</u>		<u>619,404</u>
			1,764,266		793,852
Current Assets					
Debtors	9	62,070,951		45,103,615	
Cash at bank and in hand		<u>1,765,139</u>		<u>357,310</u>	
		63,836,090		45,460,925	
Creditors, amounts falling due within one year	10	<u>(57,010,592)</u>		<u>(40,342,415)</u>	
Net Current Assets			<u>6,825,498</u>		<u>5,118,510</u>
Net Assets			<u>8,589,764</u>		<u>5,912,362</u>
Capital and Reserves					
Called up share capital	11		500,000		500,000
Retained earnings			<u>8,089,764</u>		<u>5,412,362</u>
Total Capital and Reserves			<u>8,589,764</u>		<u>5,912,362</u>

The financial statements were approved by the Board on 23/05/2022 and signed on its behalf by:



B.J. RUCK

Director

The notes on pages 14 to 21 form part of these financial statements.

Trans Global Freight Management Limited

**Statement of Changes in Equity
For the year ended 31 December 2021**

	<u>Called up share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	£	£	£
Balance at 1 January 2020	500,000	4,586,661	5,086,661
Total comprehensive income for the year	-	825,701	825,701
Balance at 31 December 2020	500,000	5,412,362	5,912,362
Total comprehensive income for the year	-	2,677,407	2,677,407
Balance at 31 December 2021	500,000	8,089,769	8,589,764

The notes on pages 14 to 21 form part of these financial statements.

Trans Global Freight Management Limited

Financial Statements for the year ended 31 December 2021

Notes

1. General Information

The Company is a United Kingdom private company limited by shares. It was incorporated on 11 August 1976 and is domiciled in England and Wales. The address of its registered office is Woodlands, 79 High Street, Greenhithe, Kent DA9 9RD.

2. Summary of significant accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 102 ("FRS 102").

The Company is a qualifying entity for the purposes of FRS 102 and has taken an exemption from the requirements of Section 7 and has not provided a cash flow statement. All shareholders have been notified in writing and there have been no objections.

The Company is a wholly owned subsidiary of Trans Global Limited and has taken advantage of the FRS102 exemption from the requirement to prepare consolidated financial statements.

In the opinion of the Directors, disclosure of analyses of turnover information would be seriously prejudicial to the interests of the Company. Therefore this analysis was not disclosed.

(b) Going concern

The Company is reliant on the general UK Economy to prosper and grow. There have been two factors in 2021 that affect this, COVID-19 and Brexit. The effect of the first has been commented upon within the Strategic Report. Business levels have returned to normal in all areas other than Air Exports. The continued reduction in the number of long haul flights operating from the UK reduces capacity but does increase rates. This part of the business has been restructured accordingly and a greater emphasis on imports and especially the E-Commerce sector has more than compensated for this risk.

To assess the potential impact on the Company, the directors have reviewed the cash flow forecasts covering a period of 12 months from the date of approval of these financial statements as well as performed a reversed stress testing. The underlying fundamentals remain positive for the foreseeable future.

The Brexit effect, is not regarded as a significant risk as only a small part of the Company's business is Intra EU.

After taking account of the above, management believes the Company will generate sufficient working capital and cash flows to continue in operational existence for the foreseeable future.

(c) Turnover

Turnover is recognised on an accruals basis once services are provided to the client on the date of shipment.

(d) Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis to write off the cost of all fixed assets over their estimated useful lives.

Trans Global Freight Management Limited

Financial Statements for the year ended 31 December 2021

Notes (Continued)

2. Principal Accounting Policies (Continued)

(d) Fixed assets and depreciation (continued)

The following rates are applied:

Freehold property	-	50 years
Leasehold building improvements	-	5 to 10 years
Furniture, fixtures and fittings	-	4 to 7 years
Motor vehicles	-	4 years
Computer equipment	-	5 years

(e) Foreign currencies

The Company has a presentation currency of Pound Sterling (GBP). The Company has determined that GBP is its functional currency as this is the currency of the economic environment in which the Company predominantly operates.

Transactions in currencies other than GBP are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on exchange are included in profit or loss.

(f) Taxation

Taxation expense represents the sum of the current tax and deferred tax.

The charge for current tax is based on the result for the year adjusted for items which are disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Current and deferred tax is recognised in the same component of the income statement, other comprehensive income or equity as the transaction or event that resulted in the tax expense or income.

Deferred tax is provided in full on material timing differences which result in an obligation at the Statement of Financial Position date to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered and they are material. Deferred tax assets and liabilities are not discounted.

(g) Operating leases

Operating lease rentals are charged to profit or loss as they fall due.

(h) Government grants

Government grants are recognised under the accruals model as permitted by FRS 102.

(i) Financial assets and liabilities

Financial instruments are classified as either 'basic' or 'other' in accordance with Section 11 of FRS 102.

Trans Global Freight Management Limited

Financial Statements for the year ended 31 December 2021

Notes (Continued)

2. Principal Accounting Policies (Continued)

(i) Financial assets and liabilities (continued)

Financial instruments are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, debt instruments classified as basic are measured at amortised cost using the effective interest rate method. A financing transaction is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

(j) Pension costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

(k) Accounting estimates and judgements

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. Management believes those areas of significant judgement are as follows:

Asset impairment testing

The Company reviews its assets for impairment at each statement of financial position date. If events or circumstances indicate that the carrying value may not be recoverable, the value is adjusted to the recoverable amount determined by value in use calculations which require estimates to be made of future cash flows.

Residual values and estimated remaining lives

The carrying value of tangible fixed assets and intangible assets is depreciated over their expected useful life to an estimated residual value. The remaining useful life and the residual value of those assets, are reviewed on the regular basis by management. Any changes in remaining useful life and the residual value would result in an adjustment to the current and future rate of depreciation or amortisation through statement of comprehensive income.

Allowances for credit losses

The Company reviews its individually significant receivables at each reporting date to assess whether an allowance should be made for recoverability. In determining this allowance, judgement by management is required in the estimation of the amount and timings of future cash flows. Such estimations are based on assumptions of a number of factors and actual results may differ, resulting in future changes to the allowance.

Trans Global Freight Management Limited

Financial Statements for the year ended 31 December 2021

Notes (Continued)

3. Operating Profit

The operating profit is stated after charging:

	<u>2021</u> £	<u>2020</u> £
Auditors' fees - audit remuneration	67,750	64,000
- fees for tax services	9,050	13,900
Depreciation on owned assets	206,637	171,420
Depreciation on leased assets	25,143	19,831
Hire of plant and machinery	365,451	116,955
Foreign exchange loss/(gain)	34,575	(80,241)
Premises operating lease rental	<u>1,054,938</u>	<u>992,168</u>

4. Directors Emoluments and Employee Costs

	<u>2021</u> £	<u>2020</u> £
Staff costs include the following emoluments in respect of directors of the Company:		
Remuneration	629,108	488,731
Pension contributions	<u>67,796</u>	<u>32,846</u>
	<u>696,904</u>	<u>521,577</u>

Retirement benefits are accruing in money purchase schemes of four directors (2020: five).

	<u>2021</u> £	<u>2020</u> £
Highest paid director:		
Remuneration	174,273	118,011
Pension contributions	<u>48,482</u>	<u>16,483</u>
	<u>222,755</u>	<u>134,494</u>

Staff costs including directors' emoluments during the year were as follows:

	<u>2021</u> £	<u>2020</u> £
Wages and salaries	7,179,504	4,997,642
Social security costs	563,991	482,287
Pension costs	448,823	403,159
Other costs	<u>536,930</u>	<u>337,294</u>
	<u>8,729,247</u>	<u>6,220,382</u>

The average monthly number of persons employed during the year was 227 (2020: 181).

The directors are considered to be the only key management personnel of the Company.

5. Interest Payable and Similar Charges

	<u>2021</u> £	<u>2020</u> £
Interest payable on bank loans and overdrafts	<u>192,126</u>	<u>106,461</u>

Trans Global Freight Management Limited

Financial Statements for the year ended 31 December 2021

Notes (Continued)

6. Taxation

(a) Analysis of tax charge

	<u>2021</u> £	<u>2020</u> £
UK Corporation tax charge	657,584	191,885
Over provision from previous years	<u>-</u>	<u>(9,609)</u>
	<u>657,584</u>	<u>182,276</u>

(b) Factors affecting tax charge for year

The tax assessed for the period is higher (2020: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

	<u>2021</u> £	<u>2020</u> £
Profit on ordinary activities before taxation	<u>3,334,986</u>	<u>1,007,977</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	633,647	191,515
Effects of:		
Expenditure not deductible for tax purposes	45,133	12,807
Temporary timing differences	786	(12,437)
Group relief	(21,982)	-
Over provision from previous years	<u>-</u>	<u>(9,609)</u>
Current tax charge for year	<u>657,584</u>	<u>182,276</u>

A deferred tax liability of £77,185 (2020: £67,476) was not recognised within the books as being immaterial.

7. Investments

	<u>2021</u> £	<u>2020</u> £
Investments in subsidiaries	<u>174,448</u>	<u>174,448</u>

On 1 March 2018 the Company acquired 100% of the share capital of B.I.L.L (Holdings) Limited. The subsidiary is a holding company, which owns 100% of the share capital of a trading company B.I.L.L Limited.

The registered address of both entities is Woodlands 79 High Street, Greenhithe, Kent, DA9 9RD.

As at 31 December 2021 B.I.L.L (Holdings) Limited had net assets of £95 (2020: £95) and no profit or loss for the year. B.I.L.L Limited had net liabilities of £261,729 (2020: £279,784) and profit of £18,055 (2020: £7,520) for the year.

Trans Global Freight Management Limited

Financial Statements for the year ended 31 December 2021

Notes (Continued)

8. Tangible Fixed Assets

	Freehold Property	Building Improvement	Motor Vehicles	Furniture, Fixtures & Fittings	Computer Equipment	Total
	£	£	£	£	£	£
Cost						
At 1 January 2021	-	340,460	121,215	1,090,050	698,071	2,249,796
Additions	960,000	51,709	24,000	86,859	79,627	1,202,195
Disposals	-	(100,334)	(109,264)	(464,789)	(307,293)	(981,680)
At 31 December 2021	960,000	291,835	35,951	712,120	470,405	2,470,310
Depreciation						
At 1 January 2021	-	211,598	115,163	748,747	554,884	1,630,392
Charge for the year	-	25,143	5,487	128,194	72,956	231,780
Disposals	-	(100,334)	(109,264)	(464,789)	(307,293)	(981,680)
At 31 December 2021	-	136,407	11,386	412,152	320,547	880,492
Net book value						
At 31 December 2021	960,000	155,427	24,565	299,968	149,858	1,589,818
At 31 December 2020	-	128,862	6,052	341,303	143,187	619,404

9. Debtors

	2021 £	2020 £
Trade debtors	53,789,462	36,161,402
Amounts owed by group companies	6,642,111	7,905,081
Other debtors	1,001,849	531,237
Prepayments and accrued income	637,529	505,895
	<u>62,070,951</u>	<u>45,103,615</u>

Amounts owed by group companies are interest free, unsecured and payable on demand.

10. Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans and overdrafts	3,757,426	3,107,538
Trade creditors	17,324,358	17,865,078
Other taxation and social security	300,398	210,598
Amounts owed to group companies	5,794,898	4,855,736
Corporation tax	643,867	178,169
Other creditors	41,332	35,125
Accruals and deferred income	29,148,313	14,090,171
	<u>57,010,592</u>	<u>40,342,415</u>

Trans Global Freight Management Limited

Financial Statements for the year ended 31 December 2021

Notes (Continued)

10. Creditors: amounts falling due within one year (continued)

Included within bank loans and overdrafts is the Company's invoice discounting facility, which is repayable on demand and is secured by a mortgage charge dated 26 October 2021 incorporating a fixed and floating charge over the assets of the Company.

The terms of the invoice discounting creditor are 75% of approved debts, with a fee charged of £38,400 per annum plus interest of 2.6% on the value of the outstanding loan.

Amounts owed to group companies are interest free, unsecured and payable on demand.

11. Called up share Capital

	<u>2021</u> £	<u>2020</u> £
Authorised, allotted, called up and fully paid 500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

12. Lease Commitments

The Company has the following annual commitments under non-cancellable operating leases which expire:

	<u>2021</u>		<u>2020</u>	
	<u>Land and Buildings</u> £	<u>Other</u> £	<u>Land and Buildings</u> £	<u>Other</u> £
Within 1 year	1,476,843	71,178	1,188,851	129,430
Between 2 to 5 years	4,622,129	6,000	2,891,278	68,946
5+ years	<u>4,476,899</u>	<u>-</u>	<u>1,631,539</u>	<u>-</u>
	10,575,871	71,178	5,711,668	198,376

13. Related Party Disclosures

The Company is a wholly owned subsidiary of Trans Global Limited and has therefore taken advantage of the exemption not to disclose transactions with group undertakings.

14. Ultimate Parent and Controlling Company

In the opinion of directors, the ultimate parent and controlling Company is Trans Global Limited, incorporated in United Kingdom. Copies of the parent Company's financial statements are available from its registered office at Woodlands, High Street, Greenhithe, Kent DA9 9RD, or from the Registrar of Companies.

15. Pension Scheme

The pension cost for the year was £448,823 (2020: £403,159). Contributions payable to the fund at the year-end included in creditors totalled £41,332 (2020: £35,114).

16. Other Income

Amounts included within other income in the year ended 31 December 2020 of £547,590 represented Government grants received in the year under the Coronavirus Job Retention Scheme to cover salaries of furloughed staff. There was no equivalent income in the year ended 31 December 2021.

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Financial Statements for the year ended 31 December 2021
Notes (Continued)

17. Financial risk management

The Company's key financial risks arising from its operating activities and its financial instruments are:

- Interest rate risk;
- Liquidity risk;
- Foreign currency risk; and
- Credit risk.

Interest Rate Risk

The Company's interest bearing liabilities include the Company's invoice discounting facility, where rates are applied at the current market rates. The interest expenses for the year are not material for the company. The use of discounting facility is monitored by the management on the permanent basis.

Liquidity Risk

In the management of liquidity risk, the Company monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

At 31 December 2021, the Company was not exposed to any significant liquidity risk (2020: nil).

Foreign Currency Risk

The Company's primary exposure to exchange rate risk relates to payables to related entities and cash balances which are mainly denominated in Euro and US Dollars. The Company mitigates the risk by monitoring it on a regular basis.

The Company's cash in EUR amounted £4,460 (2020: £259,036), debtors in EUR amounted to £2,022,627 (2020: £348,765) and liabilities in EUR were £2,088,662 (2020: £350,963).

The Company's cash in USD amounted £20,778 (2020: £81,102) debtors in USD amounted to £2,639,498 (2020: £2,686,218) and liabilities in USD were £8,180,701 (2020: £3,004,923).

Credit risk

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the statement of financial position are net of allowance for credit losses, estimated by the Company's management based on prior experience and the current economic environment.

Credit risks are by far the most important area that require management attention. Clients are subject to regular credit review and amendment. There is a very wide customer base providing a natural protection against serious bad debt risk.

Company's cash balances are held with reputable financial institutions.

18. Subsequent Events

On 4 January 2022, the Company acquired ADV Logistics Ltd for an initial consideration of £250,000 and deferred consideration due over the subsequent two years based on the performance of the entity.

The conflict in Ukraine presents no direct issues to the Company as there is no trading with or via Russia, Ukraine and the region in general. In so far as these events affect the general economic position of the UK, the company can be impacted from such knock on effects.