

Registered number: 1563200

BDM LOGISTICS AND MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
31 DECEMBER 2017



BDM LOGISTICS AND MANAGEMENT LIMITED

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BDM LOGISTICS AND MANAGEMENT LIMITED

COMPANY INFORMATION

Directors

W Kessler
G B Kessler CBE
C J Kessler
R Glatter
P Lipscomb
A McDonald

Company secretary

W A Cochrane

Registered number

1563200

Registered office

16 Great Queen Street
Covent Garden
London
WC2B 5AH

Independent auditor

Blick Rothenberg Audit LLP
16 Great Queen Street
Covent Garden
London
WC2B 5AH

BDM LOGISTICS AND MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Results and dividends

The profit for the year, after taxation, amounted to £2,258,725 (2016 - £43,053).

The directors do not recommend a dividend.

Directors

The directors who served during the year were:

W Kessler
G B Kessler CBE
C J Kessler
R Glatter
P Lipscomb
A McDonald

Matters covered in the strategic report

As permitted by Section 414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008', in the strategic report.

Disclosure of information to auditor

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

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

This report was approved by the board and signed on its behalf.



C J Kessler
Director

Date:

6/9/18

BDM LOGISTICS AND MANAGEMENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The directors present their strategic review on the company for the year ended 31 December 2017:

The principal activities of the company during the year were the provision of warehousing, order processing and delivery services.

Business review

During 2017, the company saw overall growth in the level of business and a good performance.

Operating profit rose £68k, broadly in line with growth in client sales. However, operating profit margin remains tight due to underlying market conditions.

The company continues to invest in the most modern IT and distribution facilities to enable it to meet and exceed client service expectations. An example of this is the development of the company's IT systems to reflect the increase of consumer purchasing via the internet which has allowed the company to strengthen relationships with key clients and win new contracts.

The cash position and general liquidity of the company remains strong. Working capital is kept under strict review and the directors are satisfied with company performance.

Principal risks and uncertainties

Competitive pressure in the UK is a feature of the market in which the company operates. The company manages this risk by providing added value services to its customers, having fast response times and a concentration on high levels of customer service.

The company's credit risk is primarily attributable to its trade debtors. Management regularly reviews trade debtors and the balances are distributed in such a manner that the credit risk is considered to be mitigated.

Whilst Brexit remains a risk for the UK economy and import of goods, it could also mean overseas brands see value in having a UK based warehouse for local market needs.

Future prospects

The company continues to focus on retaining and attracting new clients by focusing on its core strengths of strong customer service supported by modern IT infrastructure and facilities. The company is confident that such an approach will enable it to be well placed to continue to grow profitably and achieve the targets established for 2018 and beyond. Results for the first half of 2018 are on target.

The directors are confident that the business will exceed its targets for the full year.

The management are focused on top quality service for existing clients and are actively seeking new business growth opportunities. Investment has been made in a new website to support this.

Considerable investment has been made in the management reporting systems within the company to ensure the efficient day to day management and monitoring / measurement of productivity.

The continuing challenges to UK High Street retailers are watched carefully and the growth of internet shopping is reflected in the investment policies of the company.

BDM LOGISTICS AND MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Future prospects (continued)

On 31 July 2018, the company surrendered its leasehold interest in its trading premises to a fellow group company for the market value of the lease. Subsequently, the company entered into a new twenty-year lease to allow the company to continue using the property. The surrender of the lease did not result in any tax being payable and the deferred tax liability in relation to the revaluation of the leasehold interest was released at 31 December 2017.

Financial key performance indicators

The company continuously monitors by client the level of order intake and the on time execution of these orders.

Service levels are maintained by close attention to performance across the operation and the directors are pleased that these levels continue to be high.

The direct costs which vary with order volumes are labour, carriage and packaging; labour is managed on a day by day basis to ensure staffing levels are appropriate. Carriage costs and packing materials are monitored against budget and compared to historical levels. All costs for the year were in line with the directors expectations.

Indirect costs such as management, premises and IT are budgeted in detail. Collection of accounts receivable is carefully monitored for any debt collection issues. Overdue debts are reported and discussed at each company board meeting.

This report was approved by the board and signed on its behalf.

C J Kessler
Director



Date:

6/9/18

BDM LOGISTICS AND MANAGEMENT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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.

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

BDM LOGISTICS AND MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BDM LOGISTICS AND MANAGEMENT LIMITED FOR THE YEAR ENDED 31 DECEMBER 2017

Opinion

We have audited the financial statements of BDM Logistics and Management Limited (the 'company') for the year ended 31 December 2017, which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

BDM LOGISTICS AND MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BDM LOGISTICS AND MANAGEMENT LIMITED (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDM LOGISTICS AND MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BDM LOGISTICS AND MANAGEMENT LIMITED (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

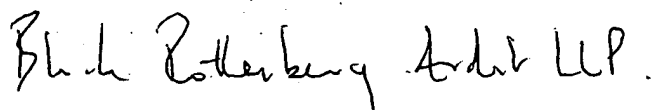
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.



Christopher Shepherd (senior statutory auditor)

for and on behalf of
Blick Rothenberg Audit LLP

Statutory Auditor

16 Great Queen Street
Covent Garden
London
WC2B 5AH

Date: 7 September 2018

BDM LOGISTICS AND MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	4	10,769,275	9,222,118
Other operating income	5	11,500	11,500
Other external charges		(6,349,199)	(5,374,631)
Staff costs	7	(3,321,287)	(3,057,024)
Depreciation and amortisation		(489,732)	(249,036)
Operating profit	6	620,557	552,927
Interest receivable and similar income	9	1,907	2,808,008
Gain on fixed asset revaluation		739,186	620,455
Other finance costs	10	(135,000)	(152,000)
Exceptional Items	11	-	(4,465,838)
Profit/(loss) before tax		1,226,650	(636,448)
Tax on profit/(loss)	12	1,032,075	679,501
Profit for the financial year		2,258,725	43,053

BDM LOGISTICS AND MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Profit for the financial year	<u>2,258,725</u>	<u>43,053</u>
Other comprehensive income		
Unrealised surplus on revaluation of tangible fixed assets	7,902,759	-
Actuarial gain/(loss) on defined benefit schemes	1,398,000	(1,249,000)
Movement on deferred tax relating to pension (gains)/losses	(237,660)	212,330
Other comprehensive income for the year	<u>9,063,099</u>	<u>(1,036,670)</u>
Total comprehensive income for the year	<u><u>11,321,824</u></u>	<u><u>(993,617)</u></u>

BDM LOGISTICS AND MANAGEMENT LIMITED

REGISTERED NUMBER:1563200

**BALANCE SHEET
AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	16,640,260	8,162,318
Current assets			
Debtors: amounts falling due within one year	14	4,409,722	3,387,654
Cash at bank and in hand	15	1,579,720	2,166,894
		<u>5,989,442</u>	<u>5,554,548</u>
Creditors: amounts falling due within one year	16	(1,516,225)	(1,824,763)
Net current assets		<u>4,473,217</u>	<u>3,729,785</u>
Total assets less current liabilities		<u>21,113,477</u>	<u>11,892,103</u>
Creditors: amounts falling due after more than one year	17	(612,000)	(623,500)
Provisions for liabilities			
Deferred tax	18	-	(398,950)
		<u>-</u>	<u>(398,950)</u>
Pension liability	19	(3,943,000)	(5,633,000)
Net assets		<u><u>16,558,477</u></u>	<u><u>5,236,653</u></u>
Capital and reserves			
Called up share capital	22	100	100
Share premium account	23	3,209,910	3,209,910
Revaluation reserve	23	7,902,759	-
Profit and loss account	23	5,445,708	2,026,643
Total equity		<u><u>16,558,477</u></u>	<u><u>5,236,653</u></u>

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

C J Kessler
Director

Date:

6/9/18

BDM LOGISTICS AND MANAGEMENT LIMITED

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

	Called up share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2016	100	3,209,910	-	3,020,260	6,230,270
Profit for the financial year	-	-	-	43,053	43,053
Actuarial losses on pension scheme net of deferred tax	-	-	-	(1,036,670)	(1,036,670)
At 31 December 2016 and at 1 January 2017	100	3,209,910	-	2,026,643	5,236,653
Profit for the financial year	-	-	-	2,258,725	2,258,725
Actuarial gains on pension scheme net of deferred tax	-	-	-	1,160,340	1,160,340
Surplus on revaluation of leasehold property	-	-	7,902,759	-	7,902,759
At 31 December 2017	100	3,209,910	7,902,759	5,445,708	16,558,477

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

The company's principal activities are the provision of warehousing, order processing and delivery services.

BDM Logistics and Management Limited is a private company limited by shares incorporated in England. The address of its registered office is 16 Great Queen Street, Covent Garden, London, WC2B 5AH and principal place of business is Armada Point, Armada Way, London E6 7AB.

The financial statements are presented in Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS 102') and the Companies Act 2006.

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

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- Section 3 Financial Statement Presentation paragraph 3.17(d) (inclusion of statement of cash flows);
- Section 7 Statement of Cash Flows (inclusion of statement of cash flows);
- Section 11 Financial Instruments paragraph 11.39 to 11.48A (disclosure relating to financial instruments);
- Section 33 Related Party Disclosures paragraph 33.7 (disclosures of key management personnel compensation).

The company is included in the consolidated financial statements of Kesslers Investment Limited for the year ended 31 December 2017 and these financial statements may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

The following principal accounting policies have been applied:

2.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long leasehold property	- over the period of the lease
Motor vehicles	- 20% straight line
Fixtures & fittings	- 5-20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.5 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

A reversal of a deficit previously recognised in the profit and loss account is credited to the profit and loss account.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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 company after deducting all of its liabilities.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances and amounts owed by group undertakings are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.7 Financial instruments (continued)

Financial liabilities

Basic financial liabilities, including trade and other creditors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Impairment of financial assets

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Grant income

Grant income received in respect of land and building development is recognised in the profit and loss account over the useful economic life of the related asset.

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.9 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2.10 Pensions

The company is a participating employer in a defined benefit pension scheme.

The scheme is akin to a group plan under which the net defined benefit cost and liability is recognised in the financial statements of the company as at 31 December 2017 as the entity legally responsible for the plan. A charge within 'other finance costs' represents the net interest on the net defined benefit liability during the year.

The company also makes contributions to a personal pension scheme on behalf of the employees. The pension costs are charged to the profit and loss account as they are payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2.11 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

In the application of the company's accounting policies, which are described in note 2, the key judgments made by the directors are:

Defined benefit pension scheme

Accounting for a defined benefit pension scheme and the value of liabilities is dependent on significant assumptions, including an assessment of the discount rate, price inflation and key demographic figures including life expectancy and mortality rates.

These accounting judgments are inherently complex and require a high level of management judgment and specialist input by an actuary in the calculation of the value of the liabilities. See note 19 for a sensitivity analysis of the judgments made.

Valuation of leasehold property

The company's leasehold property is professionally valued annually based on anticipated market value. This value is based on factors including market rent and yields but there is an inevitable degree of judgment involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

4. Turnover

The whole of the turnover is attributable to the principal activities of the company.

All turnover arose within the United Kingdom.

5. Other operating income

	2017 £	2016 £
Government grants receivable	11,500	11,500

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	489,732	249,036
Fees payable to the company's auditor for the audit of the company's annual financial statements	18,050	18,050
Fees payable to the company's auditor for other services	55,038	35,272
Other operating lease rentals	401,625	401,625
Defined contribution pension cost	320,960	237,507

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	2,739,741	2,575,108
Social security costs	260,586	244,409
Cost of defined contribution scheme	320,960	237,507
	<u>3,321,287</u>	<u>3,057,024</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Number of distribution staff	69	64
Number of administrative staff	27	25
	<u>96</u>	<u>89</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	<u>234,050</u>	<u>234,259</u>

The highest paid director received remuneration of £154,050 (2016 - £140,625).

9. Interest receivable and similar income

	2017 £	2016 £
Forgiveness of balances with related parties	-	2,804,475
Other interest receivable	1,907	3,533
	<u>1,907</u>	<u>2,808,008</u>

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

10. Other finance costs

	2017 £	2016 £
Net interest on defined benefit liability	<u>135,000</u>	<u>152,000</u>

11. Exceptional items

	2017 £	2016 £
Exceptional loss on assumption of pension liability	-	4,232,000
Exceptional pension expense	-	233,838
	<u>-</u>	<u>4,465,838</u>

During 2016, the company replaced Kesslers Stratford Limited, a related company, as the principal employer of the Kesslers Group Pension Plan and the full liability of the plan of £4,232,000 was transferred to the company.

In addition during 2016, the company incurred an exceptional cost of £233,838 relating to fees paid to the actuary in connection with the assumption of the pension liability.

12. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profit/(loss) for the year	<u>-</u>	<u>65,746</u>
Deferred tax		
Origination and reversal of timing differences	<u>(1,032,075)</u>	<u>(745,247)</u>
Taxation on profit/(loss) on ordinary activities	<u>(1,032,075)</u>	<u>(679,501)</u>

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	<u>1,226,650</u>	<u>(636,448)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	236,130	(127,290)
Effects of:		
Net income/expenses not taxable	(139,013)	(450,682)
Amortisation of capital grants	(2,214)	(2,300)
Net effect of fixed asset revaluation, capital allowances and depreciation	(89,687)	(82,144)
Group relief	(5,982)	-
Release of deferred tax on revaluation of fixed assets	(1,031,309)	-
Transfer pricing and other adjustments	-	(17,085)
Total tax charge for the year	<u>(1,032,075)</u>	<u>(679,501)</u>

Factors that may affect future tax charges

A reduction to the UK corporation tax rate to 17%, effective from 1 April 2020, was substantively enacted as part of the Finance (No. 2) Act 2016 on 6 September 2016. Deferred taxes at the balance sheet date have been measured using the enacted tax rates based on when the timing difference is expected to reverse and reflected in these financial statements.

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. Tangible fixed assets

	L/Term Leasehold Property £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation				
At 1 January 2017	7,477,244	113,430	2,261,222	9,851,896
Additions	136,992	-	188,740	325,732
Revaluations	8,505,000	-	-	8,505,000
At 31 December 2017	16,119,236	113,430	2,449,962	18,682,628
Depreciation				
At 1 January 2017	-	47,095	1,642,483	1,689,578
Charge for the year	356,178	22,686	110,868	489,732
On revalued assets	(136,942)	-	-	(136,942)
At 31 December 2017	219,236	69,781	1,753,351	2,042,368
Net book value				
At 31 December 2017	15,900,000	43,649	696,611	16,640,260
At 31 December 2016	7,477,244	66,335	618,739	8,162,318

The carrying amount of leasehold property had it not been revalued would have been £7,997,241 (2016 - £8,214,829) under the historical cost model. Leasehold property was revalued at 31 December 2017 on the basis of an open market valuation for existing use by external valuers, Savills UK Limited, in accordance with the valuation standards issued by the Royal Institute of Chartered Surveyors. The surplus arising on revaluation has been taken to the profit and loss account to the extent that it is the reversal of a previous diminution in value. The balance has been taken to the revaluation reserve.

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14. Debtors

	2017 £	2016 £
Trade debtors	2,635,591	2,344,588
Amounts owed by group undertakings	494,076	700,000
Other debtors	134,169	2,650
Prepayments and accrued income	750,421	340,416
Deferred taxation (note 18)	395,465	-
	<u>4,409,722</u>	<u>3,387,654</u>

Amounts owed to group undertakings are interest free, have no fixed repayment date and are repayable on demand.

15. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>1,579,720</u>	<u>2,166,894</u>

16. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	511,031	751,027
Corporation tax	-	61,957
Other taxation and social security	778,063	747,579
Other creditors	29,823	74,833
Accruals and deferred income	197,308	189,367
	<u>1,516,225</u>	<u>1,824,763</u>

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

	2017 £	2016 £
Accruals and deferred income	612,000	623,500

Accruals and deferred income relates to a receipt in respect of leasehold property development. £566,000 (2016: £577,500) is due in more than five years.

18. Deferred taxation

	2017 £
At beginning of year	(398,950)
Charged to profit or loss	1,032,075
Charged to other comprehensive income	(237,660)
At end of year	395,465

The deferred taxation balance is made up as follows:

	2017 £	2016 £
Fixed asset timing differences	(349,815)	(325,251)
Deferred tax on revaluation of fixed assets	-	(1,031,309)
Pension deficit	670,310	957,610
Pension prepayment	74,970	-
	395,465	(398,950)

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

19. Pension commitments

The company, together with Kesslers Stratford Limited, a related company, operate a defined benefit pension scheme, known as Kesslers Group Pension Plan. On 19 February 2016, the company replaced Kesslers Stratford Limited as the principal employer of the Kesslers Group Pension Plan and the full liability of the plan of £4,232,000 was transferred to the company.

The company has granted the pension plan a first legal charge over its leasehold buildings. Kesslers Stratford Limited has provided a guarantee to the plan for ongoing contributions to the plan in the event that they are not met by the company and has pledged security to cover any shortfall between the Section 75 debt of the plan and the value of the first charge over the leasehold property of the company. A guarantee by Kesslers Stratford Limited to maintain its net assets at at least £13.65 million, reducing in line with the contributions made to the plan to a lower limit of £12 million, was made to the pension plan at the time of the transfer.

The scheme is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 31 December 2017 by a qualified actuary independent of the company. The valuation was completed using the projected unit basis.

The most recent actuarial valuation showed a deficit of £3,943,000. The company agreed with the trustees that it will aim to eliminate the deficit over a period of 11 years from 1 June 2015 by the payment of £401,633 per annum, increasing by 3.5% on 1 April 2016 and by a further 3.5% on each subsequent 1 April. Contributions are payable monthly, by the 19th day of the month to which they relate.

In addition and in accordance with the actuarial valuation, the company will settle all expenses of administration and management of the scheme together with levies payable to the Board of the Pensions Protection Fund, as and when they fall due. Members do not contribute to the scheme. The pension plan is closed to new members and future accrual.

	31 December 2017 £
Reconciliation of present value of plan liabilities	
On assumption of defined benefit pension	20,746,000
Interest cost	530,000
Actuarial gains	(580,000)
Benefits paid	(694,000)
At the end of the year	20,002,000

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

19. Pension commitments (continued)

	31 December 2017 £
Reconciliation of present value of plan assets:	
On assumption of defined benefit pension	15,113,000
Interest income	395,000
Actuarial gain	818,000
Contributions	427,000
Benefits paid	(694,000)
At the end of the year	16,059,000

	31 December 2017 £
Composition of plan assets:	
Equities	5,636,000
Total return funds	4,836,000
Corporate bonds	2,452,000
Index linked funds	2,298,000
Cash	417,000
Other assets	420,000
Total plan assets	16,059,000

	31 December 2017 £
Present values of defined benefit obligation and fair value of assets	
Fair value of plan assets	16,059,000
Present value of plan liabilities	(20,002,000)
Net pension scheme liability	(3,943,000)

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

19. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	31 December 2017 £
Net interest on obligation	(135,000)
Total	(135,000)

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income is £123,070 (2016 - £1,036,670).

The company contributed £441,000 to its defined benefit pension scheme in 2017 in respect of 2018 contributions.

Principal actuarial assumptions at the balance sheet date:

	31 December 2017 %
Discount rate	2.5
Inflation (RPI)	3.2
Inflation (CPI)	2.2
Pension increases in deferment	2.2
Pension increases in payment	3.1
Life expectancy	
- for a male aged 65 now	85.1
- at 65 for a male aged 45 now	88.2
- for a female aged 65 now	86.3
- at 65 for a female member aged 45 now	89.5

The mortality assumptions are based on the actuarial table S2PMA_H / S1PFA_H.

The sensitivities regarding the principal assumptions used to measure the scheme are:

Assumptions	Change in assets	Change in liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by -7%/8%
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by 5%/-5%

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

20. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

Transactions with other related parties are as follows:

Name (relationship)	Transaction	Amount		Amount due (to)/from related parties	
		2017 £	2016 £	2017 £	2016 £
Kesslers Stratford Limited (Common control)	Directors' fees & management charge	888,660	943,932	112,680	-
	Loan forgiveness	-	2,358,349	-	-

21. Commitments under operating leases

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	401,625	401,625
Later than 1 year and not later than 5 years	1,606,500	1,606,500
Later than 5 years	19,780,031	20,181,656
	<u>21,788,156</u>	<u>22,189,781</u>

22. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Each ordinary share carries the right to one vote and to participate in all of the profits of the company distributed by dividend or otherwise and to all profits and surpluses on a winding up.

BDM LOGISTICS AND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

23. Reserves

Share premium account

The share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

The profit and loss account includes all current and prior period profits and losses and actuarial gains and losses arising on the defined benefit pension scheme net of deferred tax.

Revaluation reserve

The revaluation reserve relates to the revaluation of the company's leasehold property, net of deferred tax. The reserve is not distributable.

24. Parent undertaking and controlling party

The immediate and ultimate parent undertaking is Kesslers Investment Limited, a company incorporated in England. Copies of the group financial statements are available to the public from Companies House, Crown Way, Cardiff, CF14 3UZ.

The immediate controlling party is Kesslers Investment Limited.

The ultimate controlling party is the Kessler family.

25. Events subsequent to the balance sheet date

On 31 July 2018, the company surrendered its leasehold interest in its trading premises to a fellow group company for the market value of the lease. Subsequently, the company entered into a new twenty-year lease to allow the company to continue using the property. The surrender of the lease did not result in any tax being payable and the deferred tax liability in relation to the revaluation of the leasehold interest was released at 31 December 2017.