

S.T.I. (U.K.) Limited

Report and Financial Statements

31 December 2017

TUESDAY



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COMPANIES HOUSE

Registered No.3131583

Directors

Kai Schüttke
Pierre Henry

Secretary

Denton Secretaries Limited
Ray Smith

Independent Auditors

PricewaterhouseCoopers LLP
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

Registered office

Unit 1 Boundary Way
Hemel Hempstead
Hertfordshire
HP2 7EQ

Registered No 3131583

Directors' report

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

Results and Dividend

The profit for the financial year, amounted to £650,000 (2016: £477,000). A final dividend relating to 2016 of £479,000 was paid in the year (2016: relating to 2015 of £264,000). The directors propose the payment of a final dividend of £652,000. The company has closing net assets of £650,000 (2016: £479,000).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Pierre Henry
Kai Schüttke

Financial risks management and future developments

These have been addressed in the Strategic Report.

Employees

The company recognises the importance of encouraging all employees to contribute to the achievements of the company. It has a comprehensive set of employment practices designed to achieve that objective.

In particular, the company's equal opportunities policy is designed to create an environment in which all employees are encouraged to develop their individual potential whatever their sex, race, religion, colour, age or disability. The same opportunities for training, career development and promotion are available to all employees including those with disabilities, in so far as that disability does not prevent them from performing their job or any suitable alternative available job. Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned.

Consultation with employees or their representatives takes place at all levels. There is a UK Employment Forum (which satisfies the requirements of the European Works Council Directive) and other communication processes appropriate to the company's businesses. These are designed to ensure that employees' views are taken into account when decisions are made that are likely to affect their interests.

The company attaches great importance to the quality of its communications with all employees. Employees are provided with information about the performance of the company through a variety of briefing mechanisms appropriate to their circumstances.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

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Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

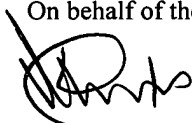
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



Pierre Henry

Director

13th July 2018

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Strategic Report

The directors present their Strategic Report on the company for the year ended 31 December 2017.

Business review

The directors are satisfied with the results for the year and do not envisage any major change in the conduct of the business over the next twelve months.

The company continues to provide supply chain service to customers in four core sectors, chilled food and drink, freight forwarding, retail logistics and group related activities. The company's market proposition covers a broad spectrum of supply chain solutions specifically designed for the customer from the design stage to execution.

The logistics sector remained subdued during the year with minimal growth and business confidence remaining low. Despite this challenging backdrop and the customers focus on cost control, S.T.I. (U.K.) Limited continued to perform well, providing sustainable and adaptable logistics solutions to its existing and new customer base. During the year, the company won new business outside its primary chilled food and drink sector.

S.T.I. has continued to identify opportunities to reduce the impact of its business on the environment. During the year, the company has incorporated double-decker trailers and containerisation to the solution portfolio, thereby increasing pallet carrying capacity and reducing road mileage tyre wear and fuel consumption. This has been further combined with engineering improvements to trailers and the introduction of short sea and rail as transport alternatives.

Results and Dividends are noted in the Directors report on page 2.

Key performance indicators

The company's key financial indicators and other performance indicators during the year were as follows:

	2017	2016	Change
Turnover (£000)	23,252	19,878	16.97%
Profit before taxation (£000)	805	591	36.2%
Average monthly number of employees	24	22	9.1%

S.T.I. (U.K.) Limited is funded by way of share capital and participates in the Group cash pooling arrangement. As part of this arrangement the company held £189k of available credit at the balance sheet date (2016:£175k) in the form of intercompany debtors.

Financial risk management

Management meet regularly to discuss risks on the business and communicate this monthly to the parent company. The main areas affecting the business are:

Treasury Policies

The objectives of the company are to manage the company's financial risk, secure cost effective funding for the company's operations, and to minimise the adverse effects of fluctuations in the financial markets on the company's financial assets and liabilities, on reported profitability, and on the cash flows of the company.

Financial instruments

The company's financial instruments comprise cash and liquid resources, balances with group undertakings and various items such as trade debtors, trade creditors, etc., that arise directly from its operations.

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Strategic Report (continued)

Financial risk management (continued)

Financial instruments (continued)

The main risks arising from the company's financial instruments are interest rate risk and liquidity risk. All the company's transactions predominantly are in sterling. The Board reviews and agrees policies for managing these risks as summarised below.

Market risk

The company's revenue is predominantly generated through one key customer, management continue to focus on increasing its customer base to mitigate this risk.

Liquidity risk

The company finances its operations through a mixture of retained profits and balances with group undertakings.

Interest rate risk

No other interest bearing assets except cash. The company does not trade in financial instruments and has no form of derivatives.

Price risk

The company's exposure is limited by agreed prices generally fixed for a period of 1 year.

Future developments

The directors aim to maintain the management policies which have contributed to the results for the period. They anticipate continued improvements in the results through continuing operations and further efficiencies.

On behalf of the board



Pierre Henry

Director

13th July 2018

Independent auditors' report to the members of S.T.I. (U.K.) Limited

Report on the audit of the financial statements

Opinion

In our opinion, S.T.I. (U.K.) Limited's 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Alex Crompton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

13 July 2018

Registered No 3131583

Statement of Comprehensive Income

		<i>Year ended 31 December</i>	
		<i>2017</i>	<i>2016</i>
	<i>Note</i>	<i>£000</i>	<i>£000</i>
Turnover	5	23,252	19,878
Cost of sales		(20,175)	(17,186)
Gross profit		<u>3,077</u>	<u>2,692</u>
Administrative expenses		(2,272)	(2,104)
Operating profit	6	<u>805</u>	<u>588</u>
Interest receivable and similar income		-	3
Interest payable and similar expenses		-	-
Profit before taxation		<u>805</u>	<u>591</u>
Tax on profit	10	(155)	(114)
Profit for the financial year		<u><u>650</u></u>	<u><u>477</u></u>

All results derive from continuing operations.

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Statement of financial position

		<i>As at 31 December</i>	
	<i>Note</i>	<i>2017 £000</i>	<i>2016 £000</i>
Current assets			
Debtors	11	4,857	3,644
Cash at bank and in hand		1,302	2,010
		<u>6,159</u>	<u>5,654</u>
Creditors: amounts falling due within one year	12	(5,509)	(5,175)
Net current assets		<u>650</u>	<u>479</u>
Total assets less current liabilities and net assets		<u>650</u>	<u>479</u>
Capital and reserves			
Called up share capital	13	10	10
Retained earnings		640	469
Total equity		<u>650</u>	<u>479</u>

The notes on page 11 to page 20 form part of the financial statements.

The financial statements and notes on pages 8 to 20 were approved on 13th July 2018 by the board of directors and signed on its behalf by Pierre Henry.



Director
S.T.I. (U.K.) Limited

Registered No 3131583

Registered No 3131583

Statement of changes in equity**Year ended 31 December 2017**

	<i>Called up share Capital £000</i>	<i>Retained earnings £000</i>	<i>Total equity £000</i>
Balances as at 1 January 2016	10	256	266
Profit for the financial year	-	477	477
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	477	477
Dividends	-	(264)	(264)
Balances at 31 December 2016	10	469	479
Balances as at 1 January 2017	10	469	479
Profit for the financial year	-	650	650
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	650	650
Dividends	-	(479)	(479)
Balances at 31 December 2017	10	640	650

Notes to the financial statements

for the year ended 31 December 2017

1. General Information

S.T.I. (U.K.) Limited is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Unit 1 Boundary Way Hemel Hempstead, Hertfordshire. The company's principal activity is and has been throughout the year, supply chain services for retailers and manufacturers primarily in the UK and the rest of Europe. It is envisaged that this will continue to be the principal activity of the company for the foreseeable future.

2. Statement of Compliance

The individual financial statements of S.T.I. (U.K.) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant Accounting Policies

The principal of accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented. The company has adopted FRS 102 in these financial statements.

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 required the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going Concern

The company meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over the level of demand for the company's services. The company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Exemptions for qualifying entities under FRS 102

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, HAVI Group LP and Reyes Holdings LLC, includes the company's cash flows in its own consolidated financial statements.

The company has also taken exemption under paragraph 33.7 regarding the disclosure of key management personnel compensation in total as well as exemption under paragraphs 11.39 – 11.48A, 12.26 – 12.29 to not disclose certain financial instruments due to equivalent disclosures being included in the consolidated financial statements of the group.

Notes to the financial statements

for the year ended 31 December 2017 (continued)

3. Summary of significant accounting policies (continued)

Foreign currencies

The company's functional and presentation currency is the pound sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end and foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Administrative expenses'.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of discounts and rebates allowed by the company and value added taxes.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the each of company's sales channels have been met as described below;

Freight forwarding

Revenue from the arrangement of freight forwarding services is recognised on the provision of those services.

Interest income

Interest income is recognised using the effective interest rate method.

Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plan.

i) Short term benefits

Short term benefits including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Notes to the financial statements

for the year ended 31 December 2017 (continued)

3. Summary of significant accounting policies (continued)

Employee benefits (continued)

ii) Defined Contribution Pension Plans

The company operates a defined contribution plan for its employees. A defined contribution pension plan is a pension plan under which the company pays fixed contributions in to a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the company in independently administered fund.

iii) Annual bonus plan

The company operates an annual bonus plan for qualifying employees. An expense is recognised in the statement of comprehensive income when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it related to items recognised in other comprehensive income or directly in equity. In this case is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current Tax;

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax;

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 financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Operating lease

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Notes to the financial statements

for the year ended 31 December 2017 (continued)

3. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalent includes cash in hand and deposits held at call with banks.

Provisions and contingencies

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events: it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

- i. Restructuring provisions are recognised when the company has a detailed formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
- ii. Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

iii Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets – basic financial assets, including trade and other receivables, cash and bank balances 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. Such assets are subsequently carried at amortised costs using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

Notes to the financial statements

for the year ended 31 December 2017 (continued)

3. Summary of significant accounting policies (continued)

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies that are classified as debt, 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 receipts discounted at a market rate of interest. No Complex financial liabilities held.

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

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.

Distribution to Equity Holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

4. Critical Accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are not deemed to be any critical judgements in applying the company's accounting policies.

Impairment of debtors

The company makes an estimate of the recoverable value of trade debtors, management considers factors including the current credit rating of the debtors, the ageing profile of debtors and historical experience.

5. Turnover

Turnover represents the amounts derived from the provision of goods which fall within the company's ordinary activities, stated net of value added tax.

Turnover is wholly attributable to one class of business being the principal activity of the company. An analysis of turnover by geographical market is given below:

	2017 £000	2016 £000
United Kingdom	15,475	14,345
Rest of Europe	7,777	5,533
	<u>23,252</u>	<u>19,878</u>

Notes to the financial statements

for the year ended 31 December 2017 (continued)

6. Operating profit

Operating profit is stated after:

	2017	2016
	£000	£000
Net Foreign Exchange loss / (gain)	13	(11)
Lease payments	35	46
	<u> </u>	<u> </u>

The audit fee for 2017 amounts to £23,000 (2016: £24,500). The company's auditors also provided tax services for £7,250 during the year (2016: £6,000).

7. Dividends paid

	2017	2016
	£000	£000
Dividends paid		
- Final 2015 paid (£26.40p) per share	-	264
- Final 2016 paid (£47.90p) per share	479	-
	<u> </u>	<u> </u>
	479	264
	<u> </u>	<u> </u>

In addition, the directors are proposing a final dividend in respect of the financial year ending 31 December 2017 of £65.00 per share (2016: £47.90) which will absorb £650,000 (2016: £479,000) of shareholders' funds. This dividend has not been accounted for within the current year financial statements.

8. Staff costs

Staff costs consist of:

	2017	2016
	£000	£000
Wages and salaries	889	836
Social security costs	98	88
Other pension costs (see note 14.)	69	56
	<u> </u>	<u> </u>
	1,056	980
	<u> </u>	<u> </u>

The average monthly number of persons including directors employed by S.T.I. (U.K.) Limited during the year was:

	2017	2016
	No.	No.
Administration	24	22
	<u> </u>	<u> </u>

Notes to the financial statements

for the year ended 31 December 2017 (continued)

9. Directors Remuneration

The directors' emoluments were as follows:

	2017 £000	2016 £000
Aggregate emoluments	128	110
Aggregate value of contributions paid or treated as paid to pension scheme in respect of money purchase benefits	10	9
	<u>138</u>	<u>119</u>

One director received remuneration and pension benefits (2016: one) from the company in the year, in respect of services to the company.

No director has a direct or indirect interest in any transaction, arrangement or agreement which, in the opinion of the directors, requires disclosure. (Kai Schüttke who served the company during the year has been remunerated from other group companies) and is not remunerated for his role at this company.

Retirement benefits are accrued to one director (2016: one) under the money purchase scheme.

Pensions

One director (2016: one) who served during the year was a member of the pension plan.

10. Tax on profit

(a) Tax on profit

The tax charge is made up as follows:

	2017 £000	2016 £000
<i>Current tax:</i>		
UK corporation tax on profit for the year	155	114
	<u>155</u>	<u>114</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Tax on profit	<u>155</u>	<u>114</u>

Notes to the financial statements

for the year ended 31 December 2017 (continued)

10. Tax on profit (continued)

(b) Factors affecting the total tax charge

Tax assessed for the year is the same as (2016: lower) the standard rate of corporation tax in the UK for the year ended 31 December 2017 of 19.25% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
Profit before taxation	805	591
Profit on ordinary activities multiplied by the standard rate of UK corporation tax 19.25% (2016: 20%)	155	118
Effects of: Origination and reversal of timely differences	-	(4)
Tax charge for the year	155	114

Factors affecting current and future tax charges

Changes to the UK Corporation tax rates were substantively enacted as part of the Finance Act 2014 reducing the main rate to 19% from 1 April 2017. Further reductions to the main rate have been announced and rates are to reduce to 17% from 1 April 2020.

(c) Deferred tax

The standard rate of UK corporation tax in the year changed to 19% from 1 April 2017 (2016: 20%). UK deferred tax would therefore be recognised at the reduced rate of 19% (2016: 19%).

11. Debtors

	2017 £000	2016 £000
Trade debtors	4,167	2,675
Amounts owed by group undertakings	189	175
Corporation Tax	12	12
Prepayments and accrued income	489	782
	4,857	3,644

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

Notes to the financial statements

for the year ended 31 December 2017 (continued)

12. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	1,605	1,434
Amounts owed to group undertakings	259	182
Corporation tax	-	-
Other taxation and social security	45	45
Accruals and deferred income	3,600	3,514
	<u>5,509</u>	<u>5,175</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

13. Called up share capital

	No.	2017 £000	No.	2016 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	10,000	<u>10</u>	10,000	<u>10</u>

14. Pensions

The company is a member of a group staff pension plan with an insurance company and makes contributions into employees' accounts on a money purchase basis. The cost of contributions to the defined contribution scheme amounts to £69,290 (2016: £55,994). Included within accruals are outstanding pension contributions of £2,363. (2016: £1,862).

15. Capital and other commitments

At 31 December 2017, the company had the following non-cancellable operating lease commitments in respect of properties, vehicles plant and equipment, for which the payments extend over a number of years.

The future minimum operating lease payments are as follows;

	2017 £000	2016 £000
Not later than one year	35	13
Later than one year and not later than five years	48	-
Later than five years	-	-
	<u>83</u>	<u>13</u>
Carrying amount of liability		

The company had no other off-balance sheet arrangements or capital commitments (2016: none).

Notes to the financial statements

for the year ended 31 December 2017 (continued)

16. Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

See note 9 for disclosure of the directors' remuneration.

17. Controlling party

The ultimate controlling interest in the company is held by HAVI Group LP and Reyes Holdings LLC. S.T.I. Freight Management GmbH, Germany, is the company's immediate parent undertaking at the year end. HAVI Group LP is the company's ultimate parent company, which is the smallest and largest group to consolidate. Copies of the consolidated financial statements of STI Freight Management GmbH are available at Hochstrasse 190, 47228 Duisburg, Germany. Copies of the consolidated financial statements of HAVI Group LP are available at 3010 Highland Pkwy Ste 400, Downers Grove 60515-0000, Illinois, USA. S.T.I. (U.K.) Limited results are not consolidated into the Reyes Holdings LLC financial statements.