

**Registered number: 03131583**

**S.T.I. (U.K.) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



## **S.T.I. (U.K.) LIMITED**

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**S.T.J. (U.K.) LIMITED**

**COMPANY INFORMATION**

**Directors**

P Henry  
K Schuettke

**Company secretary**

C White

**Registered number**

03131583

**Registered office**

Punchbowl 130 Punchbowl Park  
Cherry Tree Lane  
Hemel Hempstead  
HP2 7EU

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
40 Clarendon Road  
Watford  
Hertfordshire  
WD17 1JJ

## **S.T.I. (U.K.) LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present the Strategic Report of S.T.I. (U.K.) Limited (the "Company") for the year ended 31 December 2020.

#### **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 due to the effects of the COVID 19 pandemic. Despite this challenging backdrop and the customers focus on cost control, S.T.I. (U.K.) Limited continued to provide 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.

The introduction of a digital track and trace and ETA system is expected to provide delivery optimisation and increased efficiency for planning transport and execution. It will give full transparency with an overview of transport status at any time and the ability to adapt to changing circumstances quickly.

S.T.I. (U.K.) Limited has continued to identify opportunities to reduce the impact of its business on the environment. During the year, the Company incorporated additional trailers for dedicated hauliers and increased containerisation to the solution portfolio, thereby increasing pallet carrying capacity and reducing road mileage tyre wear and fuel consumption.

Results and Dividends are noted in the Directors Report on page 4.

#### **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.

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.

## **S.T.I. (U.K.) LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **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 year. They anticipate continued improvements in the results through continuing operations and further efficiencies.

The directors fully embraced the UK's exit from the EU, and have taken a number of steps to manage and mitigate risks associated with Brexit through setting up its own Customs division with a focus on providing a full import and export offering to existing and new customers and other entities within the Group.

The effects of the COVID-19 outbreak had a significant impact on the Company in the first part of 2021 due to the third national lockdown on 3rd January 2021. The food service business was restricted take-aways and delivery options. Results remained subdued during this period with business returning to 80% of pre-Covid levels by April 2021.

Trading activity since Jan 2021 with our primary customer has resulted in an adjustment to the forecasted results for 2021. After consideration of the COVID impact, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

#### **Key performance indicators**

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

	<b>2020</b>	<b>2019</b>	<b>Change</b>
Turnover (£000)	<b>20,582</b>	28,994	(29)%
Profit before taxation (£000)	<b>58</b>	1,005	(94)%
Average monthly number of employees	<b>31</b>	30	3%

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 £356,132 of available credit at the Balance Sheet date (2019: £323,000) in the form of intercompany debtors.

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



**P Henry**  
Director

Date: 5 August 2021

## **S.T.I. (U.K.) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their annual report and the audited financial statements of S.T.I. (U.K.) Limited (the "Company") for the year ended 31 December 2020.

#### **Results and dividends**

The profit for the financial year amounted to £34,000 (2019: £836,000).

The directors do not propose the payment of a final dividend relating to 2020 (2019: relating to 2018 of £846,000). The Company has closing net assets of £880,000 (2019: £846,000).

#### **Directors**

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

P Henry  
K Schuettke

#### **Going concern**

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the Company's abilities to meet its day-to-day working capital requirements through its banking facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Company would be able to operate within the level of its current facilities. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In addition, based on the various scenarios reviewed by the Directors, including the severe yet plausible downside scenario, the Directors expect the Company to continue to have sufficient liquidity. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **Financial risks management and future developments**

These have been addressed in the Strategic Report on page 2.

#### **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.

## **S.T.I. (U.K.) LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **Directors' responsibilities statement**

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 elected to prepare 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.

#### **Disclosure of information to auditors**

In the case of each directors in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Independent auditors**

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

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



**P Henry**  
Director

Date: 5 August 2021

## **S.T.I. (U.K.) LIMITED**

### **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 2020 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 Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Comprehensive Income and 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**

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

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

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

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

### **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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.



## **S.T.I. (U.K.) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF S.T.I. (U.K.) LIMITED (CONTINUED)**

#### *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 2020 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 Directors' responsibilities statement, 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.

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Employment Law and prohibited and unethical business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries to increase revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Challenging assumptions and judgement made by management in their significant accounting estimates and judgements.
- Risk based testing of journal entries.
- Unpredictable procedures to address the risk of fraud.
- Reviewing the disclosure in the Directors' Report and Financial Statements against the specific legal requirements.
- Discussion with management including consideration of known or suspected instances of non-compliance with laws.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **S.T.I. (U.K.) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF S.T.I. (U.K.) LIMITED (CONTINUED)**

#### *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 obtained 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  
Watford  
5 August 2021

**S.T.I. (U.K.) LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	4	20,582	28,994
Cost of sales		(17,494)	(25,443)
<b>Gross profit</b>		<b>3,088</b>	<b>3,551</b>
Administrative expenses		(3,011)	(2,671)
Other operating income	5	101	-
<b>Operating profit</b>	6	<b>178</b>	<b>880</b>
Interest receivable and similar income	10	34	2
Interest payable and similar expenses	11	(67)	(3)
Other non-operating (expense)/income		(87)	126
<b>Profit before taxation</b>		<b>58</b>	<b>1,005</b>
Tax on profit	13	(24)	(169)
<b>Profit for the financial year</b>		<b>34</b>	<b>836</b>

The notes on pages 12 to 25 form part of these financial statements.

**S.T.I. (U.K.) LIMITED**  
**REGISTERED NUMBER: 03131583**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	<b>Note</b>	<b>2020 £000</b>	<b>2019 £000</b>
<b>Fixed assets</b>			
Tangible assets	15	150	200
<b>Current assets</b>			
Debtors	16	4,603	6,815
Cash at bank and in hand	17	1,515	1,478
		<u>6,118</u>	<u>8,293</u>
Creditors: amounts falling due within one year	18	(5,388)	(7,647)
<b>Net current assets</b>		<u>730</u>	<u>646</u>
<b>Total assets less current liabilities</b>		<u>880</u>	<u>846</u>
<b>Capital and reserves</b>			
Called up share capital	20	10	10
Profit and loss account	21	870	836
<b>Total shareholders' funds</b>		<u>880</u>	<u>846</u>

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



**P Henry**  
Director

Date: 5 August 2021

The notes on pages 12 to 25 form part of these financial statements.

**S.T.I. (U.K.) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total shareholders' funds £000</b>
<b>At 1 January 2019</b>	<b>10</b>	<b>846</b>	<b>856</b>
<b>Comprehensive income for the financial year</b>			
Profit for the financial year	-	836	836
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>836</b>	<b>836</b>
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(846)	(846)
<b>Total transactions with owners</b>	<b>-</b>	<b>(846)</b>	<b>(846)</b>
<b>At 31 December 2019 and 1 January 2020</b>	<b>10</b>	<b>836</b>	<b>846</b>
<b>Comprehensive income for the financial year</b>			
Profit for the financial year	-	34	34
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>34</b>	<b>34</b>
<b>At 31 December 2020</b>	<b>10</b>	<b>870</b>	<b>880</b>

The notes on pages 12 to 25 form part of these financial statements.

## **S.T.I. (U.K.) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **1. General information**

S.T.I. (U.K.) Limited is a private company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is Punchbowl 130 Punch Bowl Punchbowl Park, Hemel Hempstead, HP2 7EU. 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. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland 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 judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

##### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of STI Freight Management GmbH as at 31 December 2020 and these financial statements may be obtained from Hochstrasse 190; 47228 Duisburg, Germany.

##### **2.3 Going concern**

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the Company's abilities to meet its day-to-day working capital requirements through its banking facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Company would be able to operate within the level of its current facilities. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In addition, based on the various scenarios reviewed by the Directors, including the severe yet plausible downside scenario, the Directors expect the Company to continue to have sufficient liquidity. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. Accounting policies (continued)**

**2.4 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 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 profit or loss 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 income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'Administrative expenses'.

**2.5 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 the Company's sales channels have been met as described under below policies.

Revenue from the arrangement of freight forwarding services is recognised in the provision of those services at delivery.

**2.6 Interest Income**

Interest income is recognised using the effective interest rate method.

**2.7 Government grants**

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Governments grants relating to costs and deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. The Company has utilised the Government's Coronavirus Job Retention Scheme ('CJRS'), which allows for businesses to submit claims for repayment of furlough or flexible furlough employee wages as a result of COVID-19. The grant income received has been accounted for in accordance with FRS 102 and shown in 'other operating income' in the income statement and personnel costs have been shown gross of grant income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. Accounting policies (continued)**

**2.8 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.

***ii) Defined Contribution Pension Plans***

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

***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.

**2.9 Current and deferred taxation**

Taxation expense for the year 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 either 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 year 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 year end and that are expected to apply to the reversal of the timing difference.



## **S.T.I. (U.K.) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **2. Accounting policies (continued)**

##### **2.10 Tangible assets**

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation on tangible assets is calculated; using the straight-line method, to allocate the depreciable amount over their estimated useful lives, which is determined by group accounting policies, as follows:

Improvements to leasehold premises	- over the period of the lease
Office equipment	- 5 to 8 years
Computer equipment	- 3 to 4 years

##### **2.11 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.

## **S.T.I. (U.K.) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **2. Accounting policies (continued)**

##### **2.12 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.

##### ***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.

##### **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 Distribution to Equity Holders**

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the year 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.

##### **2.15 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.

##### **2.16 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.

##### **2.17 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

## S.T.I. (U.K.) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 2. Accounting policies (continued)

##### 2.18 Cash and cash equivalents

Cash and cash equivalent include cash in hand and deposits held at call with basis.

##### 2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

#### 3. Judgements in applying accounting policies and key sources of 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.

#### 4. 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:

	2020 £000	2019 £000
United Kingdom	20,582	26,154
Rest of Europe	-	2,840
	<u>20,582</u>	<u>28,994</u>

A reclassification adjustment has been made to the prior period (2019) in which interest receivable and similar income, interest payable and similar expenses and other operating income has been reclassified from administrative expenses, this had no impact on profit for the financial year.

**S.T.I. (U.K.) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**5. Other operating income**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Furlough income	<b>101</b>	<b>-</b>

**6. Operating profit**

The operating profit is stated after charging:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible assets	<b>64</b>	<b>30</b>
Net foreign exchange loss	<b>-</b>	<b>33</b>
Lease payments	<b>306</b>	<b>151</b>

**7. Auditors' remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<b>45</b>	<b>34</b>

**Fees payable to the Company's auditors in respect of:**

Taxation services	<b>8</b>	<b>8</b>
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**S.T.I. (U.K.) LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****8. Employees**

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

	2020 £000	2019 £000
Wages and salaries	1,263	1,175
Social security costs	161	110
Other pension costs (see note 22)	58	56
	<u>1,482</u>	<u>1,341</u>

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

	2020 Number	2019 Number
Administration	<u>31</u>	<u>30</u>

**9. Directors' remuneration**

	2020 £000	2019 £000
Aggregate directors' remuneration	147	136
Aggregate value of contributions paid or treated as paid to pension scheme in respect of money purchase benefits	15	13
	<u>162</u>	<u>149</u>

One director received remuneration and pension benefits (2019: 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 Schuttke 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 (2019: One) under the money purchase scheme.

**Pensions**

One director (2019: One) who served during the year was a member of the pension plan.

**10. Interest receivable and similar income**

	2020 £000	2019 £000
Other interest receivable	<u>34</u>	<u>2</u>

**S.T.I. (U.K.) LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****11. Interest payable and similar expenses**

	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
Net loss on foreign currency transaction	<b>67</b>	<b>3</b>

**12. Other non-operating (expense)/income**

	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
Insurance claims (payable)/receivable	<b>(116)</b>	<b>78</b>
Other non-operating income	<b>29</b>	<b>48</b>
	<b>(87)</b>	<b>126</b>

**13. Tax on profit**

	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
<b>Current tax</b>		
Current tax on profits for the financial year	<b>26</b>	<b>195</b>
Adjustments in respect of prior years	<b>(2)</b>	<b>(23)</b>
<b>Total current tax</b>	<b>24</b>	<b>172</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(11)</b>	<b>(3)</b>
Adjustment in respect of previous years	<b>10</b>	<b>-</b>
Effect of changes in tax rates	<b>1</b>	<b>-</b>
<b>Total deferred tax</b>	<b>-</b>	<b>(3)</b>
<b>Total tax</b>	<b>24</b>	<b>169</b>

**S.T.I. (U.K.) LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****13. Tax on profit (continued)****Factors affecting tax charge for the financial year**

The tax assessed for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	<b>2020 £000</b>	<b>2019 £000</b>
Profit before taxation	<b>58</b>	1,005
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	<b>11</b>	191
Effects of:		
Non-deductible expenses	<b>4</b>	1
Adjustments in respect of prior years	<b>8</b>	(23)
Tax rate changes	<b>1</b>	-
<b>Total tax charge for the financial year</b>	<b>24</b>	169

**Factors that may affect future tax charges**

Changes to the UK Corporation tax rates were substantively enacted on 7 September 2016 to reduce the main rate of corporation tax to 17% from 1 April 2020 and deferred tax balances at the Balance Sheet date have been measured using this rate.

Subsequent to the Balance Sheet date, a further change was substantively enacted on 17 March 2020 to maintain the rate at 19%.

**14. Dividends**

	<b>2020 £000</b>	<b>2019 £000</b>
Final dividends paid £Nil (2019: £83.60) per share	-	846

In addition, the directors are proposing a final dividend in respect of the financial year ending 31 December 2020 of £Nil per share (2019: £83.60) which will absorb £Nil (2019: £836,000) of shareholders' funds.

**S.T.I. (U.K.) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**15. Tangible assets**

	Leasehold improvements £000	Office equipment £000	Computer equipment £000	Total £000
<b>Cost</b>				
At 1 January 2020	144	80	6	230
Additions	3	11	-	14
At 31 December 2020	147	91	6	244
<b>Accumulated depreciation</b>				
At 1 January 2020	8	22	-	30
Charge for the year	31	31	2	64
At 31 December 2020	39	53	2	94
<b>Net book value</b>				
At 31 December 2020	108	38	4	150
At 31 December 2019	136	58	6	200

**16. Debtors**

	2020 £000	As restated 2019 £000
Trade debtors*	3,629	5,430
Amounts owed by group undertakings	370	333
Other debtors*	494	197
Prepayments and accrued income	52	842
Tax recoverable	54	9
Deferred taxation	4	4
	<u>4,603</u>	<u>6,815</u>

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

£197,000 (2019) has been reclassified from trade debtors to other debtors, as the debt is recoverable from the Irish Tax and Customs and not trade debtors.



**S.T.I. (U.K.) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**17. Cash at bank and in hand**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	<b>1,515</b>	<b>1,478</b>

**18. Creditors: amounts falling due within one year**

	<b>2020</b>	<b>As restated 2019</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>2,692</b>	<b>1,485</b>
Amounts owed to group undertakings	<b>187</b>	<b>130</b>
Other taxation and social security*	<b>308</b>	<b>629</b>
Accruals and deferred income*	<b>2,201</b>	<b>5,403</b>
	<b>5,388</b>	<b>7,647</b>

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

£603,000 (2019) VAT creditor reclassified from accruals and deferred income to other taxation and social security in line with the current period classification.

**19. Deferred taxation**

	<b>2020</b>
	<b>£000</b>
At beginning of year	<b>4</b>
Charged to profit or loss	<b>10</b>
Adjustment in respect of previous years	<b>(10)</b>
<b>At end of year</b>	<b>4</b>

The deferred tax asset is made up as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	<b>4</b>	<b>4</b>

## S.T.I. (U.K.) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 20. Called up share capital

	2020 £000	2019 £000
<b>Allotted, called up and fully paid</b>		
10,000 (2019: 10,000) Ordinary shares of £1 (2019: £1) each	10	10

#### 21. Reserves

##### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

#### 22. Pension commitments

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 £57,523.23 (2019: £56,164.47). Inducted within accruals are outstanding pension contributions of £1,742 (2019: £3,005).

#### 23. Capital and other commitments

At 31 December the Company had future minimum lease payments under 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:

	2020 £000	As restated 2019 £000
Not later than 1 year	303	269
Later than 1 year and not later than 5 years	685	843
	988	1,112

The Company had no other off Balance Sheet arrangements or capital commitments (2019: None).

Re-statement relates to a recalculation of lease liabilities for leased vehicles.

#### 24. 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.

## **S.T.I. (U.K.) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **25. Ultimate parent undertaking and controlling party**

The ultimate controlling interest in the Company is held by HAVI Group LP and Reyes Holdings LLC. STI 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.

#### **26. Events after the balance sheet date**

The effects of the COVID-19 outbreak continued to have a significant impact on the Company after 31st December 2020. Following the measures taken by the UK and European governments to contain the virus and enforcing a third lockdown, the food service business was severely disrupted in the first part of 2021.

Trading activity with our primary customer has resulted in an adjustment to the forecasted results for 2021 in the early part of the year with recovery to previous levels of business expected from April 2021.