

Company Registration No. 03155761 (England and Wales)

PALL-EX (U.K.) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2016

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PALL-EX (U.K.) LIMITED

COMPANY INFORMATION

Directors	Mrs H L Devey Mr K Buchanan
Company number	03155761
Registered office	Pall Ex House Victoria Road Ellistown Leicestershire LE67 1FH
Auditor	RSM UK Audit LLP Chartered Accountants 7th Floor City Gate East Tollhouse Hill Nottingham NG1 5FS
Business address	Pall Ex House Victoria Road Ellistown Leicestershire LE67 1FH
Bankers	HSBC Bank Plc Penman Way Grove Park Enderby Leicester LE19 1SY

PALL-EX (U.K.) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2016

The directors present the strategic report for the year ended 31 July 2016.

Fair review of the business

The accounts for Pall-Ex UK Ltd covering the 12 months ended 31st July 2016 show a turnaround compared to the 18 month period ended 31st July 2015. Like for like turnover increased by 2.2% from £58,650k to £59,947k and operating profit increased to £483k from a loss of (£462k); this improvement has been achieved despite allowing for a significant bad debt provision. This performance translated in to an improved net current asset position of £684k (2015: £186k) with a year-end cash balance of £480k (2015: £2k). The business took the strategic decision to continue to invest in an improved management structure, strengthening of the member network and enhancing the central IT platform. All of which are viewed as critical to the long term success of the organisation and the strategy of regaining the sector position as the quality provider within the pallet network sector.

During the period, delivery coverage costs within the UK network were almost completely removed, which provides a strong platform to build for the future. This saw the addition of a further 11 new members in the UK during the period. This has had a positive effect on both improvements to service and a reduction on insurance claims.

The work to specify and develop the new IT platform, which will support the transshipment of freight across Europe, also started within the period. This platform when completed will provide a market leading solution and significantly improve the customer experience. The first phase of this critical project is scheduled for completion in the summer of 2017 and will provide a full integration in local languages between all the partners across Europe.

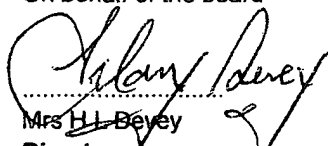
Consequently, Pall-Ex UK Ltd expects to increase trade with the Group's European partners despite the political decision to leave the European Union.

Financial risk management policy

The Directors have assessed the main risks facing the business as being its dependency on the performance of the UK economy, the shortage of quality hauliers in certain geographical areas and credit risk. The Group provides services to businesses primarily in the UK, and is therefore heavily dependent on the performance of the UK economy. The principal credit risk arises from the Group's trade debtors. In order to manage this risk, credit terms are set for new customers and regularly reviewed for existing customers. The impact of any fluctuations in the bank interest rate is insignificant.

Pall-Ex UK Ltd makes little use of financial instruments other than an operational bank account and hire purchase contracts, and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities and profit or loss of the Group.

On behalf of the board


Mrs H.L. Devey
Director
24 April 2017

PALL-EX (U.K.) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2016

The directors present their annual report and financial statements for the year ended 31 July 2016.

Principal activities

The principal activity of the company during the year was the operation of a pallet network in the UK and the provision of distribution and logistics services.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mrs H L Devey	
Mr G M Gillo	(Resigned 18 April 2017)
Mr K Buchanan	
Mr M P Field	(Resigned 24 May 2016)
Mr A P Assi	(Resigned 24 May 2016)
Mr A S Russell	(Resigned 24 May 2016)
Mr C Tancock	(Resigned 24 May 2016)

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments

The Group continues to consider all viable opportunities within the logistics sector. However, Pall-Ex UK Ltd represents the core of its activities whose strategy will be to provide seamless palletised distribution solutions across Europe. Enabling customers to send a single pallet of freight to Barcelona as easily as Birmingham for example. Within this, Pall-Ex UK Ltd will be focused as a quality provider and very much a "Model" of excellence for new partners to follow.

The UK network is also working to develop a designated B to C service offering. As internet sales continue to grow, this subset of the sector now attributes close to 20% of the total volume. The completion of the new IT platform is necessary to support this service offering, and the delay in the HSE review into the safe limits for manual handling freight at the delivery point has compounded the need to pace the B to C developments, in line with resolving these critical obstacles.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

PALL-EX (U.K.) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



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Mr K Buchanan

Director

26 April 2017

PALL-EX (U.K.) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JULY 2016

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PALL-EX (U.K.) LIMITED

Opinion on financial statements

We have audited the financial statements on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Richard King (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
7th Floor
City Gate East
Tollhouse Hill
Nottingham
NG1 5FS

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28 April 2017

PALL-EX (U.K.) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2016

		Year ended 31 July 2016 £'000	18 month period ended 31 July 2015 £'000
	Notes		
Turnover	3	59,947	87,975
Cost of sales		(51,658)	(75,124)
Gross profit		8,289	12,851
Administrative expenses		(7,865)	(13,313)
Other operating income		59	-
Operating profit/(loss)	4	483	(462)
Interest receivable and similar income	7	20	1
Interest payable and similar charges	8	(4)	(13)
Profit/(loss) before taxation		499	(474)
Taxation	9	61	(63)
Profit/(loss) for the financial year	23	560	(537)

The income statement has been prepared on the basis that all operations are continuing operations.

PALL-EX (U.K.) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 JULY 2016**

	Notes	2016 £'000	2015 £'000	2015 £'000
Fixed assets				
Tangible assets	10		654	586
Investments	11		823	766
			<u>1,477</u>	<u>1,352</u>
Current assets				
Stocks	14	121		60
Debtors	15	13,286		14,347
Cash at bank and in hand		480		2
		<u>13,887</u>		<u>14,409</u>
Creditors: amounts falling due within one year	16	(13,203)		(14,223)
Net current assets			<u>684</u>	<u>186</u>
Total assets less current liabilities			<u>2,161</u>	<u>1,538</u>
Creditors: amounts falling due after more than one year	17		(165)	(41)
Provisions for liabilities	19		-	(61)
Net assets			<u><u>1,996</u></u>	<u><u>1,436</u></u>
Capital and reserves				
Called up share capital	22		1	1
Profit and loss reserves	23		1,995	1,435
Total equity			<u><u>1,996</u></u>	<u><u>1,436</u></u>

The financial statements were approved by the board of directors and authorised for issue on 24 April 2017 and are signed on its behalf by:

Mr K Buchanan
Director

PALL-EX (U.K.) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2016

	Share capital	Profit and loss reserves	Total
	£'000	£'000	£'000
Balance at 1 February 2014	1	1,972	1,973
Period ended 31 July 2015:			
Loss and total comprehensive income for the period	-	(537)	(537)
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2015	1	1,435	1,436
Year ended 31 July 2016:			
Profit and total comprehensive income for the year	-	560	560
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2016	<hr/> 1 <hr/>	<hr/> 1,995 <hr/>	<hr/> 1,996 <hr/>

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

1 Accounting policies

Company information

Pall-Ex (U.K.) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Pall Ex House, Victoria Road, Ellistown, Leicestershire, LE67 1FH.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company, rounded to the nearest £'000, except where otherwise indicated.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements are the first financial statements of Pall-Ex (U.K.) Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Pall-Ex (U.K.) Limited for the period ended 31 July 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. The transition date was 1 February 2014.

The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

1 Accounting policies (Continued)

Accounting convention (continued)

The financial statements of the company are consolidated in the financial statements of HLD Holdings Limited. These consolidated financial statements are available from its registered office, Pall Ex House, Victoria Road, Ellistown, Leicestershire, LE67 1FH.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue earned for freight moved is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably and it is probable that the economic benefits associated with the transactions will flow to the entity. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and machinery	20% - 25% straight line
Fixtures and fittings	20% - 33.3% straight line
Motor vehicles	20% - 25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts due from group and associated undertakings, and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Bad debt provision

Trade debtors are stated at recoverable amounts, after appropriate provision for bad and doubtful debts. Calculation of the bad debt provision requires judgment from the management team, based on the creditworthiness of the customer.

Leasing

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee, or the lessee, whether the Company is a lessor.

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of investments

Determining whether investments are impaired requires an estimation of their value in use. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the investment and a suitable discount rate in order to calculate present value. The carrying amount of investments at the balance sheet date was £823,000, and no impairment loss has been recognised.

Depreciation

The assessment of the useful economic lives and the method of depreciating fixed assets requires judgement. Depreciation is charged to the income statement based on the useful economic life selected, which requires an estimation of the period and profile over which the Company expects to consume the future economic benefits embodied in the assets.

3 Turnover

An analysis of the company's turnover is as follows:

	2016 £'000	2015 £'000
Turnover analysed by class of business		
Freight movement	57,560	84,327
Membership fees	1,013	1,370
Diesel sales	1,374	2,278
	<u>59,947</u>	<u>87,975</u>
 Turnover analysed by geographical market		
	2016 £'000	2015 £'000
United Kingdom	58,989	87,975
Europe	958	-
	<u>59,947</u>	<u>87,975</u>

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

4 Operating profit/(loss)

	2016 £'000	2015 £'000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses	-	2
Fees payable to the company's auditor for the audit of the company's financial statements	24	64
Depreciation of owned tangible fixed assets	177	386
Depreciation of tangible fixed assets held under finance leases	69	29
Profit on disposal of tangible fixed assets	(1)	(5)
Cost of stocks recognised as an expense	1,318	2,220
Operating lease charges	369	521
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Warehouse	91	80
Administration	48	43
Management	19	17
	<u> </u>	<u> </u>
	158	140
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	3,947	4,768
Social security costs	363	474
Pension costs	83	108
	<u> </u>	<u> </u>
	4,393	5,350
	<u> </u>	<u> </u>

6 Directors' remuneration

	2016 £'000	2015 £'000
Remuneration for qualifying services	105	217
Company pension contributions to defined contribution schemes	10	22
	<u> </u>	<u> </u>
	115	239
	<u> </u>	<u> </u>

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

6 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	-	164
Company pension contributions to defined contribution schemes	-	16
	<u> </u>	<u> </u>

7 Interest receivable and similar income

	2016 £'000	2015 £'000
Interest income		
Interest on bank deposits	20	1
	<u> </u>	<u> </u>

8 Interest payable and similar charges

	2016 £'000	2015 £'000
Interest on bank overdrafts and loans	-	1
Interest on finance leases and hire purchase contracts	3	7
Other interest	1	5
	<u> </u>	<u> </u>
	4	13
	<u> </u>	<u> </u>

9 Taxation

	2016 £'000	2015 £'000
Current tax		
Adjustments in respect of prior periods	-	2
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(61)	61
	<u> </u>	<u> </u>
Total tax (credit)/charge	<u> </u> (61)	<u> </u> 63

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

9 Taxation (Continued)

The total tax (credit)/charge for the year included in the income statement can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:

	2016 £'000	2015 £'000
Profit/(loss) before taxation	499	(474)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.89%)	100	(99)
Tax effect of expenses that are not deductible in determining taxable profit	12	5
Effect of change in corporation tax rate	13	-
Group relief	(251)	101
Permanent capital allowances in excess of depreciation	2	(7)
Under/(over) provided in prior years	-	2
Deferred tax not recognised	63	61
Taxation for the year	(61)	63

10 Tangible fixed assets

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 August 2015	843	326	210	1,379
Additions	8	30	292	330
Disposals	-	-	(189)	(189)
At 31 July 2016	851	356	313	1,520
Depreciation and impairment				
At 1 August 2015	448	225	120	793
Depreciation charged in the year	104	60	82	246
Eliminated in respect of disposals	-	-	(173)	(173)
At 31 July 2016	552	285	29	866
Carrying amount				
At 31 July 2016	299	71	284	654
At 31 July 2015	395	101	90	586

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

10 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2016 £'000	2015 £'000
Plant and machinery	32	41
Motor vehicles	284	66
	<u>316</u>	<u>107</u>
Depreciation charge for the year in respect of leased assets	<u>69</u>	<u>29</u>

11 Fixed asset investments

	Notes	2016 £'000	2015 £'000
Investments in subsidiaries	12	823	764
Investments in associates	13	-	2
		<u>823</u>	<u>766</u>

Movements in fixed asset investments

	Shares in group undertakings and participating interests £'000
Cost or valuation	
At 1 August 2015	766
Additions	57
At 31 July 2016	<u>823</u>
Carrying amount	
At 31 July 2016	<u>823</u>
At 31 July 2015	<u>766</u>

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

12 Subsidiaries

Details of the company's subsidiaries at 31 July 2016 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Pall-Ex Logistics Limited	England & Wales	Dormant	Ordinary	100.00	
Pall-Ex Property Limited	England & Wales	Property Management	Ordinary	100.00	
Pall-Ex Nottingham Limited	England & Wales	Dormant	Ordinary	100.00	
Pall-IT Limited	England & Wales	Dormant	Ordinary	100.00	
Intercounty Distribution Limited	England & Wales	Logistics and distribution	Ordinary	100.00	
Shears Brothers (Transport) Limited	England & Wales	Logistics and distribution	Ordinary	100.00	

During the year, the company acquired the remaining 74% holding in the equity share capital of Shears Brothers (Transport) Limited.

13 Associates

Details of the company's associates at 31 July 2016 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Pall-Ex South-West Limited	England & Wales	Logistics and distribution	Ordinary	20.00	

14 Stocks

	2016 £'000	2015 £'000
Finished goods and goods for resale	121	60

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

15 Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade debtors	10,765	12,576
Amounts owed by group undertakings	1,385	247
Amounts owed by undertakings in which the company has a participating interest	-	456
Other debtors	243	123
Prepayments and accrued income	893	945
	<u>13,286</u>	<u>14,347</u>

16 Creditors: amounts falling due within one year

	Notes	2016 £'000	2015 £'000
Obligations under finance leases	18	93	35
Trade creditors		10,538	11,485
Amounts due to group undertakings		1,571	2,118
Amounts due to undertakings in which the company has a participating interest		147	-
Other taxation and social security		113	246
Other creditors		331	13
Accruals and deferred income		410	326
		<u>13,203</u>	<u>14,223</u>

17 Creditors: amounts falling due after more than one year

	Notes	2016 £'000	2015 £'000
Obligations under finance leases	18	165	41
		<u>165</u>	<u>41</u>

18 Finance lease obligations

	2016 £'000	2015 £'000
Future minimum lease payments due under finance leases:		
Less than one year	93	35
Between one and five years	80	27
After five years	85	14
	<u>258</u>	<u>76</u>

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

18 Finance lease obligations (Continued)

Obligations under finance leases and hire purchase contracts are secured by the related assets and bear finance charges at rates ranging from 6% to 16% per annum (2015: 6% to 16% per annum). The net book value of secured assets is disclosed in note 10.

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Provisions for liabilities

	Notes	2016 £'000	2015 £'000
Deferred tax liabilities	20	-	61
		<u>-</u>	<u>61</u>
		<u>-</u>	<u>61</u>

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £'000	Liabilities 2015 £'000
Balances:		
Excess of taxation allowances over depreciation	-	61
	<u>-</u>	<u>61</u>
Movements in the year:		2016 £'000
Liability at 1 August 2015		61
Credit to profit or loss		(61)
		<u>-</u>
Liability at 31 July 2016		<u>-</u>

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

21 Retirement benefit schemes

	2016 £'000	2015 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	83	108

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £44,863 (2015: £nil) were payable to the fund at the year end and are included in other creditors.

22 Share capital

	2016 £'000	2015 £'000
Ordinary share capital		
Issued and fully paid		
1,000 Ordinary of £1 each	1	1

The company has one class of ordinary shares which carry no right to fixed income, and each carry the right to one vote at general meetings of the company.

23 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

24 Financial commitments, guarantees and contingent liabilities

The company is party to a VAT group registration. The company remains jointly and severally liable for any VAT liability arising under the group registration. As at 31 July 2016, the contingent liability was £426,028 (2015: £293,355).

The company is a guarantor in relation to a lease agreement that a subsidiary, Shears Brothers Transport Limited, has entered into. The lease agreement is in relation to a property which expires on 1 December 2025. The total guaranteed rental commitment as at 31 July 2016 is £2,242,000.

25 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £'000	2015 £'000
Within one year	271	369
Between one and five years	64	335
	335	704

PALL-EX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

26 Related party transactions

No guarantees have been given or received.

The company is related to Pall-Ex South-West Limited by virtue of its 20% interest in the shares of Pall-Ex South-West Limited. During the period, the company sold services amounting to £879,180 (2015: £1,155,091) to, and purchased services amounting to £1,418,489 (2015: £1,645,402) from, Pall-Ex South-West Limited. At 31 July 2016 an amount £166,051 (2015: £167,662) was owed by and an amount of £313,036 (2015: £304,909) was owed to Pall-Ex South-West Limited.

The company is related to Shears Brothers (Transport) Limited by virtue of its 26% interest in the shares of the company up to 31 March 2016, when it became a subsidiary company. During the period, the company sold services amounting to £470,953 (2015: £1,862,463) to, and purchased services amounting to £409,304 (2015: £1,300,438) from Shears Brothers (Transport) Limited.

The company is related to Raskelf Limited, by virtue of H L Devey's 26% interest in the shares of Raskelf Limited. During the period, the company sold services amounting to £3,134 (2015: £nil). At 31 July 2016, an amount of £495 (2015:£nil) was owed from Raskelf Limited.

27 Controlling party

The company is controlled by Mrs H L Devey, by way of her 100% interest in the share capital of the company's ultimate holding company, HLD Holdings Limited, a company incorporated in England & Wales.

HLD Holdings Limited is the smallest and largest group in which these results are consolidated. The consolidated accounts of HLD Holdings Limited are available from its registered office, Pall Ex House, Victoria Road, Ellistown, Leicestershire, LE67 1FH.