

Company Registration No. 03176657 (England and Wales)

**M&S Shipping Group Limited**  
**Annual report and financial statements**  
**For the year ended 31 December 2016**

FRIDAY



\*L6G0S6MV\*

L26

29/09/2017

#307

COMPANIES HOUSE



**mgr.westonkay**  
CHARTERED ACCOUNTANTS

55 Loudoun Road  
St John's Wood  
London NW8 0DL

# M&S SHIPPING GROUP LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	G A Gluck J F Peters (non executive)
<b>Company number</b>	03176657
<b>Registered office</b>	2nd Floor 4 Hill Street, London W1J 5NE
<b>Auditor</b>	MGR Weston Kay LLP 55 Loudoun Road St John's Wood London NW8 0DL

---

# M&S SHIPPING GROUP LIMITED

## CONTENTS

---

	<b>Page</b>
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Profit and loss account	7
Statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 34

---

# M&S SHIPPING GROUP LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

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

#### Fair review of the business

During the financial year the, the Board continued to carry out restructuring to reflect the repositioning of the business in line with the reduction of operational activity in certain subsidiaries.

This had the effect of continuing to reduce ongoing overheads, the benefits of which have reflected in 2016, which has improved the profitability.

#### Principal risks and uncertainties

The risks and uncertainties facing the group arise from its financial instruments which support its operations. The principal areas of risk are:

##### Interest rate risk

The group has a policy to manage interest rate risk by agreement of rates in advance with its bankers.

##### Liquidity risk

There is little liquidity risk as the group has significant net cash balances at the balance sheet date.

##### Foreign currency risk

The group has financial instruments which are denominated in Euros and US and Hong Kong dollars. The gains and losses arising from the group's exposure to its overseas operations are recognised in the consolidation statement of other comprehensive income.

##### Financial assets

The group has no financial assets other than short-term debtors, cash at bank and listed investments.

##### Borrowing facilities

The group has undrawn borrowing facilities in excess of its requirements.

The directors are of the opinion that the group's exposure to the above risks is low.

#### Key performance indicators

The key financial and non-financial performance indicators include:

	2016	2015	2014
Turnover	£6.0m	£6.8m	£6.9m
Gross margin	25%	24.6%	22.8%
No. of staff	74	86	89

# **M&S SHIPPING GROUP LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

### **Financial Instruments**

The company's financial instruments at the balance sheet date comprised cash and liquid resources and listed investments. The main purposes of these financial instruments is to support the company's operations. The company has various other financial instruments including trade debtors and trade creditors that arise directly from its operations.

It is, and has been throughout the period under review, with the exception of listed investments, the company's policy that no trading in financial instruments shall be undertaken.

On behalf of the board



S A Gluck

Director

28 September 2017

# **M&S SHIPPING GROUP LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

---

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

#### **Principal activities**

The principal activity of the company and group continued to be that of freight forwarding.

#### **Directors**

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

G A Gluck

J F Peters (non executive)

#### **Results and dividends**

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £500,000. The directors do not recommend payment of a further dividend.

#### **Auditor**

MGR Weston Kay LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **M&S SHIPPING GROUP LIMITED**

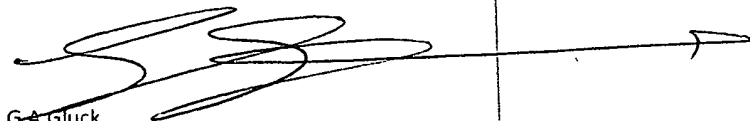
## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually 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 auditor of the company and group is aware of that information.

On behalf of the board

A handwritten signature in black ink, appearing to be 'G.A. Gluck', written over a horizontal line that extends across the page.

G.A. Gluck

Director

28 September 2017

# **M&S SHIPPING GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF M&S SHIPPING GROUP LIMITED**

---

We have audited the financial statements of M&S Shipping Group Limited for the year ended 31 December 2016 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, 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 Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

# **M&S SHIPPING GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF M&S SHIPPING GROUP LIMITED**

---

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

*MGR Weston Kay LLP*

**Nicholas Muir BA (Econ) FCA (Senior Statutory Auditor)**  
for and on behalf of MGR Weston Kay LLP

28 September 2017

**Chartered Accountants**  
**Statutory Auditor**

55 Loudoun Road  
St John's Wood  
London  
NW8 0DL

# M&S SHIPPING GROUP LIMITED

## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
<b>Turnover</b>	<b>3</b>	6,010,687	6,821,527
Cost of sales		(4,507,211)	(5,144,908)
<b>Gross profit</b>		<u>1,503,476</u>	<u>1,676,619</u>
Administrative expenses		(1,138,303)	(1,695,863)
Other operating income		297,288	230,957
<b>Operating profit</b>	<b>4</b>	<u>662,461</u>	<u>211,713</u>
Share of results of associates and joint ventures		(46,652)	(42,898)
Interest receivable and similar income	<b>8</b>	199,612	15,765
Interest payable and similar expenses	<b>9</b>	(25,672)	(286)
Fair value adjustment on investments		73,194	2,071
Profit/(loss) on disposal of operations		-	-
Profit on sale of overseas operations		-	128,080
<b>Profit before taxation</b>		<u>862,943</u>	<u>314,445</u>
Taxation	<b>10</b>	(150,399)	(127,027)
<b>Profit for the financial year</b>	<b>25</b>	<u><u>712,544</u></u>	<u><u>187,418</u></u>
Profit for the financial year is attributable to:			
- Owners of the parent company		471,300	30,893
- Non-controlling interests		241,244	156,525
		<u><u>712,544</u></u>	<u><u>187,418</u></u>

# M&S SHIPPING GROUP LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
<b>Profit for the year</b>	712,544	187,418
<b>Other comprehensive income</b>		
Currency translation differences	380,090	100,736
<b>Total comprehensive income for the year</b>	<u>1,092,634</u>	<u>288,154</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	855,627	129,883
- Non-controlling interests	237,007	158,271
	<u>1,092,634</u>	<u>288,154</u>

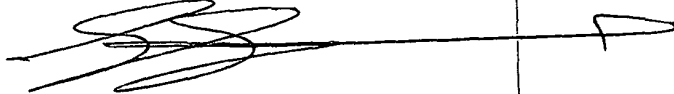
# M&S SHIPPING GROUP LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	12	50,864	59,341
Tangible assets	13	723,486	718,639
Investment properties	14	2,575,000	2,575,000
Investments	15	1,136,579	907,595
		<u>4,485,929</u>	<u>4,260,575</u>
<b>Current assets</b>			
Debtors	19	1,809,647	1,577,466
Cash at bank and in hand		2,447,740	2,113,014
		<u>4,257,387</u>	<u>3,690,480</u>
<b>Creditors: amounts falling due within one year</b>	20	<u>(1,477,748)</u>	<u>(1,036,877)</u>
<b>Net current assets</b>		<u>2,779,639</u>	<u>2,653,603</u>
<b>Total assets less current liabilities</b>		<u><u>7,265,568</u></u>	<u><u>6,914,178</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	50,000	50,000
Profit and loss reserves	25	7,183,925	6,828,298
<b>Equity attributable to owners of the parent company</b>		<u>7,233,925</u>	<u>6,878,298</u>
<b>Non-controlling interests</b>		<u>31,643</u>	<u>35,880</u>
		<u><u>7,265,568</u></u>	<u><u>6,914,178</u></u>

The financial statements were approved by the board of directors and authorised for issue on 28 September 2017 and are signed on its behalf by:



G A Gluck  
Director

# M&S SHIPPING GROUP LIMITED

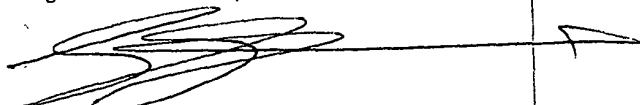
## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016		2015	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		704,408		700,058
Investment properties	14		2,575,000		2,575,000
Investments	15		708,338		937,429
			<u>3,987,746</u>		<u>4,212,487</u>
<b>Current assets</b>					
Debtors	19	550,106		413,649	
Cash at bank and in hand		1,014,184		1,317,958	
		<u>1,564,290</u>		<u>1,731,607</u>	
<b>Creditors: amounts falling due within one year</b>	20	<u>(636,927)</u>		<u>(479,432)</u>	
<b>Net current assets</b>			927,363		1,252,175
<b>Total assets less current liabilities</b>			<u>4,915,109</u>		<u>5,464,662</u>
<b>Capital and reserves</b>					
Called up share capital	23		50,000		50,000
Profit and loss reserves	25		4,865,109		5,414,662
<b>Total equity</b>			<u>4,915,109</u>		<u>5,464,662</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £49,553 (2015 - £210,946 profit).

The financial statements were approved by the board of directors and authorised for issue on 28 September 2017 and are signed on its behalf by:

  
G A Gluck  
Director

Company Registration No. 03176657

# M&S SHIPPING GROUP LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
<b>Balance at 1 January 2015</b>		50,000	7,198,415	7,248,415	34,134	7,282,549
<b>Year ended 31 December 2015:</b>						
Profit for the year		-	30,893	30,893	156,525	187,418
Other comprehensive income:						-
Currency translation differences		-	100,736	100,736	-	100,736
Amounts attributable to non-controlling interests		-	(1,746)	(1,746)	1,746	-
Total comprehensive income for the year		-	129,883	129,883	158,271	288,154
Dividends	11	-	(500,000)	(500,000)	(156,525)	(656,525)
<b>Balance at 31 December 2015</b>		50,000	6,828,298	6,878,298	35,880	6,914,178
<b>Year ended 31 December 2016:</b>						
Profit for the year		-	471,300	471,300	241,244	712,544
Other comprehensive income:						
Currency translation differences on overseas subsidiaries		-	380,090	380,090	-	380,090
Amounts attributable to non-controlling interests		-	4,237	4,237	(4,237)	-
Total comprehensive income for the year		-	855,627	855,627	237,007	1,092,634
Dividends	11	-	(500,000)	(500,000)	(241,244)	(741,244)
<b>Balance at 31 December 2016</b>		50,000	7,183,925	7,233,925	31,643	7,265,568

# M&S SHIPPING GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2015</b>		50,000	5,703,716	5,753,716
<b>Year ended 31 December 2015:</b>				
Profit and total comprehensive income for the year		-	210,946	210,946
Dividends	11	-	(500,000)	(500,000)
<b>Balance at 31 December 2015</b>		50,000	5,414,662	5,464,662
<b>Year ended 31 December 2016:</b>				
Loss and total comprehensive income for the year		-	(49,553)	(49,553)
Dividends	11	-	(500,000)	(500,000)
<b>Balance at 31 December 2016</b>		50,000	4,865,109	4,915,109

# M&S SHIPPING GROUP LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	29	1,257,548		(198,839)	
Interest paid		(25,672)		(286)	
Income taxes paid		(135,795)		(124,560)	
<b>Net cash inflow/(outflow) from operating activities</b>		<b>1,096,081</b>		<b>(323,685)</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(9,458)		(19,842)	
Proceeds on disposal of tangible fixed assets		2,949		-	
Proceeds on disposal of subsidiaries		-		39,202	
Purchase of fixed asset investments		(361,661)		(587,800)	
Proceeds on disposal of fixed asset investments		148,447		33,831	
Interest received		5,429		1,165	
Dividends received		194,183		14,600	
<b>Net cash used in investing activities</b>		<b>(20,111)</b>		<b>(518,844)</b>	
<b>Financing activities</b>					
Dividends paid to equity shareholders		(500,000)		(500,000)	
Dividends paid to non-controlling interests		(241,244)		(137,308)	
<b>Net cash used in financing activities</b>		<b>(741,244)</b>		<b>(637,308)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>334,726</b>		<b>(1,479,837)</b>	
Cash and cash equivalents at beginning of year		2,113,014		3,592,851	
<b>Cash and cash equivalents at end of year</b>		<b>2,447,740</b>		<b>2,113,014</b>	

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1 Accounting policies

##### Company information

M&S Shipping Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 2nd Floor, 4 Hill Street, London, W1J 5NE.

The group consists of M&S Shipping Group Limited and all of its subsidiaries.

##### 1.1 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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The 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 for parent company information presented within the consolidated financial statements:

- 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 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of M&S Shipping Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

The results of the associated company Freightlinks M&S (HK) Limited have been audited to 30 April 2017, the management figures have been included for the eight months to 31 December 2016.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

#### 1.2 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.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable, net of discounts and VAT. Turnover includes revenue earned from the rendering of services.

Revenue is recognised as follows:

##### **Freight forwarding services**

Income from freight forwarding services is recognised in the period when services are rendered.

##### **Rent, commissions and charges received**

Turnover from the rents, commissions and charges received is recognised by reference to the period in which the tenant occupied the premises.

##### **Fixed asset investments**

Dividend income is recognised when the right to receive payment is established.

##### **Interest income**

Interest income is recognised using the effective interest method.

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1 Accounting policies

(Continued)

##### 1.4 Intangible fixed assets other than goodwill

Intangible fixed assets represent costs incurred to date in respect of trademarks. Intangible fixed assets are amortised over the term of the trademarks or, of shorter, the period over which the directors expects the company to derive economic benefit from the trademark.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Trademarks	10% straight line
------------	-------------------

##### 1.5 Tangible fixed assets

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

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

Leasehold buildings	over the period of the lease
Plant and equipment	15% reducing balance
Motor vehicles	20%-25% reducing balances

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 recognised in the profit and loss account.

##### 1.6 Investment properties

Investment properties are included in the balance sheet at fair value and any revaluation surpluses are recognised in the income statement. Deferred tax is provided on these gains at the rate expected to apply when the property is sold.

Depreciation is not provided on freehold investment properties. This treatment represents a departure from the requirements of the Companies Act 2006 covering depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

##### 1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1 Accounting policies

(Continued)

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 group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities. Investments in jointly controlled entities are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the jointly controlled entity using the equity method.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1 Accounting policies

(Continued)

##### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets 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.

##### 1.10 Financial instruments

The group 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 in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 debtors 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### *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 group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1 Accounting policies

(Continued)

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 1.12 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.

The company recognises an accrual for accumulated annual leave accrued by employees as a result of services rendered in the current period for which employees can carry forward and use within the next year. The accrual is measured at the salary cost of the respective employee in relation to the period of absence.

##### 1.13 Retirement benefits

The group operates defined contribution pension schemes. Contributions payable for the year are charged to the profit and loss account.

##### 1.14 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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.

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 1 Accounting policies

(Continued)

#### 1.15 Foreign exchange

##### Foreign currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling £.

##### Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange difference are recognised in the profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not classified in profit or loss.

##### Translation of group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling £ using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless the exchange rates fluctuated significantly during the that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

##### **Depreciation and useful economic lives**

Determine whether there are indicators of impairment of the company's intangible and tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Intangible and tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing assets lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### **Bad debt provision**

Bad debts are provided for specific debts when required. As such there is no estimation in use.

#### 3 Turnover and other revenue

Turnover comprises services invoiced during the year net of value added tax.

A geographical split is not given as, in the opinion of the directors, to do so would be seriously prejudicial to the group's business.

#### 4 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(208,131)	(9,902)
Depreciation of owned tangible fixed assets	8,527	6,450
(Profit)/loss on disposal of tangible fixed assets	(2,949)	2,240
Amortisation of intangible assets	8,477	8,477
Operating lease charges	71,470	3,900

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 5 Auditor's remuneration

	2016	2015
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	14,500	18,000
Audit of the financial statements of the company's subsidiaries	20,514	27,131
	<u>35,014</u>	<u>45,131</u>

#### 6 Employees

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

	Group		Company	
	2016	2015	2016	2015
	Number	Number	Number	Number
Management	6	6	2	2
Administrative	4	5	1	-
Operational	64	75	-	-
	<u>74</u>	<u>86</u>	<u>3</u>	<u>2</u>

Their aggregate remuneration comprised:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Wages and salaries	705,224	757,861	72,655	60,540
Social security costs	12,729	31,474	8,617	5,021
Pension costs	911	5,105	-	-
	<u>718,864</u>	<u>794,440</u>	<u>81,272</u>	<u>65,561</u>

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions paid by the company to the fund and amounted to £nil (2015: £nil).

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	25,322	27,618

There is one director to whom retirement benefits are accruing at the year end (2015: one)

#### 8 Interest receivable and similar income

	2016 £	2015 £
<b>Interest income</b>		
Interest on bank deposits	2,304	1,165
Other interest income	3,125	-
Total interest revenue	5,429	1,165
<b>Other income from investments</b>		
Dividends received	12,068	14,600
Total income excluding fixed asset investments	17,497	15,765
<b>Income from fixed asset investments</b>		
Income from shares in group undertakings	182,115	-
Total income	199,612	15,765

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	2,304	1,165
Dividends from financial assets measured at fair value through profit or loss	12,068	14,600

#### 9 Interest payable and similar expenses

	2016 £	2015 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	-	256
<b>Other finance costs:</b>		
Other interest	25,672	30
Total finance costs	25,672	286

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 10 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	21,267	-
Foreign current tax on profits for the current period	129,132	127,027
	<u>150,399</u>	<u>127,027</u>
Total current tax	<u>150,399</u>	<u>127,027</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	862,943	314,445
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	172,589	62,889
Tax effect of expenses that are not deductible in determining taxable profit	107,575	83,218
Tax effect of income not taxable in determining taxable profit	(123,068)	(27,449)
Adjustments in respect of prior years	895	-
Permanent capital allowances in excess of depreciation	(1,716)	(1,450)
Effect of overseas tax rates	-	9,819
Foreign exchange differences	(5,876)	-
Taxation charge for the year	<u>150,399</u>	<u>127,027</u>

#### 11 Dividends

	2016 £	2015 £
Final paid	<u>500,000</u>	<u>500,000</u>

## M&S SHIPPING GROUP LIMITED

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

---

#### 12 Intangible fixed assets

Group	Trademarks £
<b>Cost</b>	
At 1 January 2016 and 31 December 2016	84,772
<b>Amortisation and impairment</b>	
At 1 January 2016	25,431
Amortisation charged for the year	8,477
At 31 December 2016	33,908
<b>Carrying amount</b>	
At 31 December 2016	50,864
At 31 December 2015	59,341

#### Company

The company had no intangible fixed assets at 31 December 2016 or 31 December 2015.

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 13 Tangible fixed assets

Group	Freehold and long term leasehold property	Plant and Motor vehicles equipment		Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2016	701,154	36,177	62,851	800,182
Additions	-	9,458	-	9,458
Disposals	-	-	(40,164)	(40,164)
Exchange adjustments	-	3,615	8,226	11,841
At 31 December 2016	701,154	49,250	30,913	781,317
<b>Depreciation and impairment</b>				
At 1 January 2016	4,968	29,926	46,649	81,543
Depreciation charged in the year	702	4,194	3,631	8,527
Eliminated in respect of disposals	-	-	(40,164)	(40,164)
Exchange adjustments	-	2,721	5,204	7,925
At 31 December 2016	5,670	36,841	15,320	57,831
<b>Carrying amount</b>				
At 31 December 2016	695,484	12,409	15,593	723,486
At 31 December 2015	696,186	6,251	16,202	718,639

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 13 Tangible fixed assets

(Continued)

Company	Freehold and long term leasehold property	Plant and equipment	Total
	£	£	£
<b>Cost</b>			
At 1 January 2016	701,154	7,622	708,776
Additions	-	7,429	7,429
At 31 December 2016	701,154	15,051	716,205
<b>Depreciation and impairment</b>			
At 1 January 2016	4,968	3,750	8,718
Depreciation charged in the year	702	2,377	3,079
At 31 December 2016	5,670	6,127	11,797
<b>Carrying amount</b>			
At 31 December 2016	695,484	8,924	704,408
At 31 December 2015	696,186	3,872	700,058

### 14 Investment property

	Group 2016	Company 2016
	£	£
<b>Fair value</b>		
At 1 January 2016 and 31 December 2016	2,575,000	2,575,000

Cost or valuation at 31 December 2016 is represented by:

	£
Valuation in 1996	224,487
Valuation in 2008	1,100,365
Valuation in 2013	(725,000)
Valuation in 2014	525,000
Cost	<u>1,450,148</u>
	<u>2,575,000</u>

Freehold investment properties were revalued at 31 December 2014, in accordance with the group's and company's accounting policy, by external valuers Preston Tait, Chartered Surveyors.

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 15 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	16	-	-	250,002	550,004
Investments in associates and joint ventures	17	75,660	215,790	-	-
Listed investments		977,337	558,919	458,336	387,425
Unlisted investments		83,582	132,886	-	-
		<u>1,136,579</u>	<u>907,595</u>	<u>708,338</u>	<u>937,429</u>
<b>Listed investments included above:</b>					
Listed investments carrying amount		<u>977,337</u>	<u>558,919</u>	<u>458,336</u>	<u>387,425</u>

#### Movements in fixed asset investments

Group	Shares in group undertakings and participating interests £	Other investments other than loans £	Total £
<b>Cost or valuation</b>			
At 1 January 2016	215,790	691,805	907,595
Additions	-	361,661	361,661
Valuation changes	(140,130)	70,100	(70,030)
Exchange differences	-	81,330	81,330
Disposals	-	(143,977)	(143,977)
At 31 December 2016	<u>75,660</u>	<u>1,060,919</u>	<u>1,136,579</u>
<b>Carrying amount</b>			
At 31 December 2016	<u>75,660</u>	<u>1,060,919</u>	<u>1,136,579</u>
At 31 December 2015	<u>215,790</u>	<u>691,805</u>	<u>907,595</u>

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 15 Fixed asset investments (Continued)

Movements in fixed asset investments Company	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 January 2016	550,004	387,425	937,429
Additions	-	60,580	60,580
Valuation changes	-	64,413	64,413
Disposals	(1)	(54,082)	(54,083)
At 31 December 2016	550,003	458,336	1,008,339
<b>Impairment</b>			
At 1 January 2016	-	-	-
Impairment losses	300,001	-	300,001
At 31 December 2016	300,001	-	300,001
<b>Carrying amount</b>			
At 31 December 2016	250,002	458,336	708,338
At 31 December 2015	550,004	387,425	937,429

#### 16 Subsidiaries

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
M&S Shipping (International) Limited	England	Freight	Ordinary	100.00
Theta Computer Services Limited	England	Computer	Ordinary	100.00
M&S Shipping (Far East) Limited	Hong Kong	Freight	Ordinary	100.00
Metro Supplies Far East Limited	Hong Kong	Freight	Ordinary	100.00
M&S Shipping Limited	USA	Freight	Ordinary	100.00

For the financial year ended 31 December 2016 Theta Computer Services Limited was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 17 Associates

Details of associates at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Freight Links M&S (HK) Limited	Hong Kong	Freight	Ordinary	49.00	
Learners Cloud Limited	Hong Kong	Dormant	Ordinary		33.30

#### 18 Joint ventures

Details of joint ventures at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
M&S Vtec Shipping Limited (unincorporated)	Vietnam	Freight	Ordinary	60.00	

#### 19 Debtors

	Group 2016	2015	Company 2016	2015
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	710,695	494,570	27,367	16,304
Amounts due from group undertakings	-	-	474,521	380,270
Amounts due from undertakings in which the company has a participating interest	144,544	-	-	-
Other debtors	905,955	537,548	39,536	10,212
Prepayments and accrued income	39,607	545,348	8,682	6,863
	<u>1,800,801</u>	<u>1,577,466</u>	<u>550,106</u>	<u>413,649</u>
<b>Amounts falling due after more than one year:</b>				
Deferred tax asset (note 21)	<u>8,846</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total debtors</b>	<u>1,809,647</u>	<u>1,577,466</u>	<u>550,106</u>	<u>413,649</u>

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 20 Creditors: amounts falling due within one year

	Group 2016 £	2015 £	Company 2016 £	2015 £
Trade creditors	254,329	243,743	14,310	21,956
Amounts due to group undertakings	-	-	-	55,698
Amounts due to undertakings in which the group has a participating interest	265,266	161,591	-	-
Corporation tax payable	77,839	51,004	21,267	-
Other taxation and social security	58,487	4,719	54,800	2,468
Other creditors	474,914	366,489	474,914	366,489
Accruals and deferred income	346,913	209,331	71,636	32,821
	<u>1,477,748</u>	<u>1,036,877</u>	<u>636,927</u>	<u>479,432</u>

#### 21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2016 £	Liabilities 2015 £	Assets 2016 £	Assets 2015 £
Group				
Accelerated capital allowances	-	3,385	8,846	-

The company has no deferred tax assets or liabilities.

	Group 2016 £	Company 2016 £
<b>Movements in the year:</b>		
Liability at 1 January 2016	3,385	-
Credit to profit or loss	11,754	-
Foreign exchange difference	(477)	-
Liability/(asset) at 31 December 2016	<u>(8,846)</u>	<u>-</u>

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 22 Retirement benefit schemes

	2016	2015
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	911	5,105

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

#### 23 Share capital

	Group and company	
	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

#### 24 Minority interests

Minority interests represent the share of profits and losses and net assets attributable to the interest of equity shareholders in subsidiaries which are not wholly owned by the group.

#### 25 Profit and loss reserves

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
At the beginning of the year	6,828,298	7,198,415	5,414,662	5,703,716
Profit/(loss) for the year	471,300	30,893	(49,553)	210,946
Dividends	(500,000)	(500,000)	(500,000)	(500,000)
Currency translation differences	380,090	100,736	-	-
Other comprehensive income attributable to non-controlling interests	4,237	(1,746)	-	-
At the end of the year	7,183,925	6,828,298	4,865,109	5,414,662

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 26 Operating lease commitments

##### Lessor

The operating leases represent leases to third parties. The leases are negotiated over terms of 5 to 10 years. All leases include a provision for three or five-yearly upward rent reviews according to prevailing market conditions.

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	202,892	215,225	202,892	215,225
Between two and five years	749,013	793,067	749,013	793,067
In over five years	309,592	457,579	309,592	457,579
	<u>1,261,497</u>	<u>1,465,871</u>	<u>1,261,497</u>	<u>1,465,871</u>

#### 27 Related party transactions

##### Transactions with related parties

During the year the group entered into the following transactions with related parties:

	2016 £	2015 £
<b>Group</b>		
Management fee income received from Freight Links M&S (HK) Limited	<u>34,190</u>	<u>33,643</u>

The following amounts were outstanding at the reporting end date:

	2016 £	2015 £
<b>Group</b>		
Dividend payable to a minority shareholder	265,265	161,591
Due from Freight Links M&S (HK) Limited	<u>79,268</u>	<u>109,807</u>

# M&S SHIPPING GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 27 Related party transactions

(Continued)

##### Key Management Personnel Compensation

The executive director controls the activities of the group and is considered to be the only key management personnel. Total remuneration of this individual is disclosed in the note headed Directors' Emoluments.

##### G A Gluck

At the balance sheet date, Mr G A Gluck, director, was owed £371,175 (2015: £288,415). The balance is interest free and repayable on demand.

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

#### 28 Controlling party

Throughout the year the company and the group were under the control of Mr G A Gluck, the major shareholder and executive director of the company.

#### 29 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	712,544	187,418
Adjustments for:		
Taxation charged	150,399	127,027
Finance costs	25,672	43,184
Investment income	(199,612)	(15,765)
(Gain)/loss on disposal of tangible fixed assets	(2,949)	5,105
Amortisation and impairment of intangible assets	8,477	8,477
Depreciation and impairment of tangible fixed assets	8,527	6,450
Impairment of investments	-	63,288
Gain on sale of investments	(4,470)	-
Fair value adjustments on listed investments	70,030	-
Foreign exchange (gains)/losses	294,844	127,166
Movements in working capital:		
(Increase) in debtors	(219,950)	(612,258)
Increase/(decrease) in creditors	414,036	(138,931)
<b>Cash generated from/(absorbed by) operations</b>	<b>1,257,548</b>	<b>(198,839)</b>