

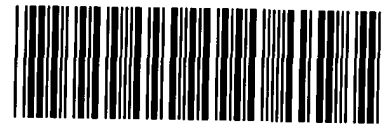
COMPANY REGISTRATION NUMBER 09709760

DENHOLM LOGISTICS GROUP LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2019

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DENHOLM LOGISTICS GROUP LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

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DENHOLM LOGISTICS GROUP LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Directors

B D R MacLehose (Appointed 31 May 2019)
J N W Denholm
J S Denholm
M B Forsyth
K J Hall
M K Hall
G A Hanson
S B Hughes
M G McMahon
J Watt

Secretary

G A Hanson

Registered office

Floor 2
5 St. Paul's Square
Old Hall Street
Liverpool
L3 9SJ

Independent auditor

BDO LLP
Chartered Accountants and Statutory Auditor
Glasgow
United Kingdom

DENHOLM LOGISTICS GROUP LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2019

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Business review

The principal activity of the company is that of a holding company combined with the provision of management, accounting, IT and health and safety support to subsidiary companies.

The company's key performance indicator is the carrying value of investments in its subsidiaries. An impairment review was undertaken at the year end and no indications of impairment were identified. At 31 December 2019 the carrying value of the company's investments was £27,867,533 (2018 - £27,867,530).

The Covid-19 outbreak poses a particular risk to the business in 2020. The directors have taken steps to manage the impact of Covid-19 on the business by reducing costs, claiming government grants and adapting business processes to comply with social distancing measures.

Financial risk management

The company's principal risks and uncertainties relate to the carrying value of its investments in subsidiaries. The company carries out annual impairment reviews with reference to the trading projections of subsidiaries to monitor the risk of impairment.

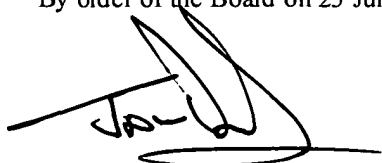
The company's principal financial assets are amounts owed by group undertakings. The company periodically assesses the strength of its subsidiaries with reference to the loan balances due from them and considers whether it is probable that the loans will be repaid in full or whether provisions are required.

The company's principal financial liabilities are amounts owed to group undertakings. The company has negotiated a loan facility from its parent company to fund ongoing and planned expansion within its subsidiaries.

Future developments

The Covid-19 outbreak and subsequent restrictions on business activity are expected to cause a global economic downturn all of which will negatively impact the results of the business in the year ahead.

By order of the Board on 25 June 2020



J N W Denholm
Director

DENHOLM LOGISTICS GROUP LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2019

The directors submit their report and the financial statements of the company for the year ended 31 December 2019.

Company number

The company is registered in England and Wales (company number 09709760).

Principal activities

The principal activity of the company is that of a holding company combined with the provision of management, accounting, IT and health and safety support to subsidiary companies.

Results and dividends

The profit for the year after taxation was £3,069,226 (2018 - £4,040,173). The directors declared and the company paid a dividend of £3,100,000 for the year ended 31 December 2019 (2018 - £4,000,000). Please see the note in the financial statements below outlining post balance sheet events.

Financial risk management and future developments

Please refer to the strategic report for information on the company's financial risk management and future developments.

Directors

The directors who served the company during the year and to the date of this report are listed on page 1.

Employment policies

The company's employment policies are built around Fairness, Achievement, Integrity and Respect as set out in the Denholm Standard for employment.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. 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), including FRS 102 "The Financial reporting Standard applicable to the UK and Republic of Ireland". The financial statements are required by law to 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 year.

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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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.

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Each of the directors have taken such steps as they should have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

DENHOLM LOGISTICS GROUP LIMITED

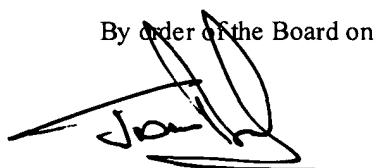
DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2019

Going concern

The directors have considered the overall impact of the coronavirus on the business, having reviewed detailed reforecasts (based on a range of possible outcomes), taking into account the potential affect of coronavirus on its workforce and other stakeholders, projected revenue and cash generation, projected costs (taking account of mitigation available), and working capital requirements. Having considered these forecasts, cash resources, and facilities, the directors have concluded that there is no material uncertainty arising in relation to going concern and that the company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future and to meet its obligations as they fall due. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

By order of the Board on 25 June 2020



J N W DENHOLM
Director

DENHOLM LOGISTICS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM LOGISTICS GROUP LIMITED

YEAR ENDED 31 DECEMBER 2019

Opinion

We have audited the financial statements of Denholm Logistics Group Limited ("the company") for the year ended 31 December 2019 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial reporting Standard 102 *The Financial reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

DENHOLM LOGISTICS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM LOGISTICS GROUP LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2019

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

DENHOLM LOGISTICS GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM
LOGISTICS GROUP LIMITED *(continued)*
YEAR ENDED 31 DECEMBER 2019

Use of our report

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

BDO LLP

Mark McCluskey (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Glasgow

30 June 2020

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BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

DENHOLM LOGISTICS GROUP LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Administrative expenses		<u>(574,525)</u>	<u>(507,197)</u>
OPERATING LOSS	2	(574,525)	(507,197)
Income from shares in group undertakings	5	3,950,000	4,877,418
Interest receivable and similar income	6	243,885	296,869
Interest payable and similar charges	7	<u>(754,800)</u>	<u>(796,172)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,864,560	3,870,918
Tax on profit on ordinary activities	8	<u>204,666</u>	<u>169,255</u>
PROFIT FOR THE FINANCIAL YEAR		<u>3,069,226</u>	<u>4,040,173</u>

All of the activities of the company are classed as continuing.

Statement of other comprehensive income

There are no items of other comprehensive income other than the profit of £3,069,226 attributable to the shareholders for the year ended 31 December 2019 (2018 - £4,040,173). Accordingly, a statement of other comprehensive income is not presented.

The notes on pages 11 to 22 form part of these financial statements

DENHOLM LOGISTICS GROUP LIMITED

BALANCE SHEET

31 DECEMBER 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	10	295,043	312,186
Investments	11	27,867,533	27,867,530
		<u>28,162,576</u>	<u>28,179,716</u>
CURRENT ASSETS			
Debtors due within one year	12	775,843	728,255
Debtors due after one year	12	6,000,000	6,000,000
Cash at bank and in hand		179,124	1,200,652
		<u>6,954,967</u>	<u>7,928,907</u>
CREDITORS: Amounts falling due within one year	14	(6,429,688)	(7,389,994)
NET CURRENT ASSETS		<u>525,279</u>	<u>538,913</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,687,855</u>	<u>28,718,629</u>
CREDITORS: Amounts falling due after more than one year	15	(17,500,000)	(17,500,000)
NET ASSETS		<u>11,187,855</u>	<u>11,218,629</u>
CAPITAL AND RESERVES			
Called-up share capital	17	10,000,000	10,000,000
Profit and loss account	17	1,187,855	1,218,629
SHAREHOLDERS' FUNDS		<u>11,187,855</u>	<u>11,218,629</u>

These financial statements were approved by the Board on 25 June 2020.



J N W DENHOLM
Director

The notes on pages 11 to 22 form part of these financial statements.

DENHOLM LOGISTICS GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2019

	Note	Called up share capital £	Profit and loss account £	Total £
As at 31 December 2017		10,000,000	1,178,456	11,178,456
Profit for the year		-	4,040,173	4,040,173
Dividends paid on equity shares	9	-	(4,000,000)	(4,000,000)
As at 31 December 2018		10,000,000	1,218,629	11,218,629
Profit for the year		-	3,069,226	3,069,226
Dividends paid on equity shares	9	-	(3,100,000)	(3,100,000)
As at 31 December 2019		10,000,000	1,187,855	11,187,855

The notes on pages 11 to 22 form part of these financial statements.

DENHOLM LOGISTICS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

Basis of accounting

Denholm Logistics Group Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1 and its principal activities are set out in the directors' report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. They have been prepared on the going concern basis, as explained in the directors' report. The company has taken advantage of the reduced disclosure exemptions as permitted by FRS 102 in preparing these financial statements as noted throughout these financial statements. This information is included in the consolidated financial statements of J. & J. Denholm Limited as at 31 December 2019 and these financial statements may be obtained from Companies House.

The directors have considered the overall impact of the coronavirus on the business, having reviewed detailed reforecasts (based on a range of possible outcomes), taking into account the potential affect of coronavirus on its workforce and other stakeholders, projected revenue and cash generation, projected costs (taking account of mitigation available), and working capital requirements. Having considered these forecasts, cash resources, and facilities, the directors have concluded that there is no material uncertainty arising in relation to going concern and that the company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future and to meet its obligations as they fall due. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

The functional and presentational currency of Denholm Logistics Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 102, Section 1 from including a cash flow statement on the grounds that the company is wholly owned and its ultimate parent includes the company in its consolidated financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation, and any provision for impairment. Depreciation is calculated on a straight line basis to write off the cost less estimated residual value of tangible fixed assets over their anticipated useful lives as follows:

Leasehold Property	- over the lesser period of the lease or 50 years
Fixtures & Fittings	- over 4 years
Motor Vehicles	- over 4 years

Leases

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

Pension costs

Employees are entered into a defined contribution scheme and contributions to the scheme are charged to the profit and loss account as incurred.

Taxation

Current tax is provided at amounts expected to be paid (or received) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

DENHOLM LOGISTICS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be argued as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Investments

Unlisted fixed asset investments are shown at cost less provision for impairment as assessed by the directors.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with a maturity date of 12 months or less.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved.

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

The directors have taken advantage of the exemption in Financial Reporting Standard 102, Section 1 from including a detailed financial instruments note on the grounds that the company is a qualifying entity and detailed information on the financial instruments are included in the consolidated financial statements of the ultimate parent.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs). If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at amortised cost, being the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments that are classified as payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when the contractual rights to the cash flows from the financial asset expire or are settled.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Consolidation

The company is exempt from the obligation to prepare and deliver group financial statements under S400 of the Companies Act 2006. Accordingly, these financial statements present only the financial position of the company. The undertaking in whose consolidated accounts its results are included is J. & J. Denholm Limited.

DENHOLM LOGISTICS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES *(continued)*

Critical accounting 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 amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements and estimates in applying the company's accounting policies:

The following are the critical judgements and estimates, that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

(a) The valuation of unlisted investments

The company carries out impairment reviews whenever events or circumstances indicate that the carrying value of an unlisted investment may not be recoverable. An impairment loss is recognised when the recoverable amount is less than the carrying value.

A value in use calculation is used to determine the recoverable amount. The value in use calculation requires an estimate to be made of the timing and amount of future cash flows and the application of a suitable discount rate in order to calculate the present value. A change in the assumptions selected by management and used in the cash flow projections could significantly affect the impairment calculation.

2. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation of tangible fixed assets	76,677	114,681
Auditor's remuneration - audit fees	4,092	3,245
Profit on disposal of fixed assets	-	(10,000)
Operating lease costs:		
Land and buildings	117,597	114,168
	=====	=====

The administrative expenses are stated net of recharges to subsidiary undertakings for the apportionment of staff costs and related expenses.

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2019	2018
	Number	Number
Number of management staff	3	3
Number of administrative staff	17	24
	=====	=====
	20	27

DENHOLM LOGISTICS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

3. PARTICULARS OF EMPLOYEES *(continued)*

The aggregate payroll costs of the above were:

	2019	2018
	£	£
Wages and salaries	1,234,310	1,299,501
Social security costs	146,231	148,302
Other pension costs (note 16)	98,830	99,194
	<u>1,479,371</u>	<u>1,546,997</u>

4. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2019	2018
	£	£
Aggregate remuneration	1,120,403	1,151,004
Company pension contributions to money purchase schemes	85,684	89,010
	<u>1,206,087</u>	<u>1,240,014</u>

Remuneration of highest paid director:

	2019	2018
	£	£
Total remuneration (excluding pension contributions)	315,677	312,182
Company pension contributions to money purchase schemes	26,000	26,000
	<u>341,677</u>	<u>338,182</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2019	2018
	Number	Number
Money purchase schemes	<u>6</u>	<u>7</u>

Some of the company's directors were paid by other group companies during the year and in the prior year. As Denholm Logistics Group Limited is both a subsidiary and parent company, the emoluments reported above relate to the remuneration paid to the directors for their services to the company and its subsidiaries. Certain of the directors are remunerated by J. & J. Denholm Limited and it is not practical to make an apportionment of remuneration in respect of services provided to this company. As a result, none of their remuneration is included in the emoluments reported above.

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2019	2018
	£	£
Dividends received from subsidiary undertakings	<u>3,950,000</u>	<u>4,877,418</u>

DENHOLM LOGISTICS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£	£
Interest receivable on amounts due from group undertakings	<u>243,885</u>	<u>296,869</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	£	£
Interest payable on amounts due to group undertakings	<u>754,800</u>	<u>796,172</u>

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax credit

	2019	2018
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	(202,405)	(182,169)
Under provision in prior year	-	17,067
	<u>(202,405)</u>	<u>(165,102)</u>
Deferred tax:		
Origination and reversal of timing differences	(2,261)	(4,153)
	<u>(204,666)</u>	<u>(169,255)</u>

DENHOLM LOGISTICS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax credit for the year

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are reconciled below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>2,864,560</u>	<u>3,870,918</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	544,266	735,474
Expenses not deductible for tax purposes	1,406	1,509
Dividends from UK subsidiaries	(750,500)	(926,709)
Differences in deferred tax rate	266	568
Depreciation on assets not qualifying for capital allowances	2,421	2,398
Adjustments to tax charge in respect of prior period	-	17,744
Sundry adjustments	(2,525)	(239)
Total tax credit	<u>(204,666)</u>	<u>(169,255)</u>

9. DIVIDENDS

	2019 £	2018 £
Dividends paid £0.31 per share (2018 - £0.40)	<u>3,100,000</u>	<u>4,000,000</u>

DENHOLM LOGISTICS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

10. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 January 2019	292,229	445,815	57,871	795,915
Additions	-	62,929	-	62,929
Disposals	-	(4,559)	-	(4,559)
Transfers	-	2,602	(16,891)	(14,289)
At 31 December 2019	<u>292,229</u>	<u>506,787</u>	<u>40,980</u>	<u>839,996</u>
Depreciation				
At 1 January 2019	86,294	377,100	20,335	483,729
Charge for the period	25,495	40,937	10,245	76,677
On disposals	-	(4,559)	-	(4,559)
On transfers	-	904	(11,798)	(10,894)
At 31 December 2019	<u>111,789</u>	<u>414,382</u>	<u>18,782</u>	<u>544,953</u>
Net Book Value				
At 31 December 2019	<u>180,440</u>	<u>92,405</u>	<u>22,198</u>	<u>295,043</u>
At 31 December 2018	<u>205,935</u>	<u>68,715</u>	<u>37,536</u>	<u>312,186</u>

The leasehold property above relates to a short leasehold property with less than 50 years unexpired.

During the year assets were transferred to and from other group companies at net book value.

11. INVESTMENTS

	Subsidiary undertakings £
Cost	
At 1 January 2019	27,867,530
Additions	3
At 31 December 2019	<u>27,867,533</u>
Net Book Value	
At 31 December 2019	<u>27,867,533</u>
At 31 December 2018	<u>27,867,530</u>

During the year, the company purchased the remaining investment in Hamilton Shipping (Port Services) Limited from Hamilton Shipping Holdings Limited, a fellow group company. The purchase was made at net book value.

DENHOLM LOGISTICS GROUP LIMITED
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11. INVESTMENTS *(continued)*

Details of the investments in which the company holds 20% or more of the nominal value of share capital are as follows:

Subsidiary undertakings	Registered office	Principal activity	%
Denholm Port Services Ltd (*)	18 Woodside Crescent, Glasgow G3 7UL	Ship agents	60%
Denholm UK Logistics Ltd (*)	5 St Paul's Square, Old Hall Street, Liverpool, L3 9SJ	Warehousing & Transport	100%
Denholm Global Logistics Ltd (*)	5 St Paul's Square, Old Hall Street, Liverpool, L3 9SJ	Freight forwarding	100%
Lacy & Middlemiss Shipbrokers Ltd (*)	102-110 High Street, Shoreham-by-Sea, West Sussex BN43 5DB	Shipbroking	100%
Hamilton Shipping Holdings Ltd (*)	2-10 Duncrue Road, Belfast BT3 9BP	Investment Holdings	100%
Hamilton Shipping (Port Services) Ltd (*)	2-10 Duncrue Road, Belfast BT3 9BP	Ship agents	100%
Hamilton Shipping (Container Services) Ltd	2-10 Duncrue Road, Belfast BT3 9BP	Freight forwarding	100%
Scruttons (NI) Ltd	2-10 Duncrue Road, Belfast BT3 9BP	Stevedoring	100%
Kenneth Hunter Shipping Ltd	2-10 Duncrue Road, Belfast BT3 9BP	Dormant	100%

The companies marked (*) are owned directly by Denholm Logistics Group Limited.

DENHOLM LOGISTICS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

12. DEBTORS

	2019	2018
	£	£
Amounts falling due within one year		
Trade debtors	-	309
Amounts owed by group undertakings	324,703	145,156
Group relief receivable	202,405	360,025
Other debtors	99,645	96,873
Prepayments and accrued income	129,206	108,269
Deferred taxation (note 13)	19,884	17,623
	<u>775,843</u>	<u>728,255</u>

The financial assets above are recorded at transaction price. The debt instruments receivable above are recorded at the undiscounted amount payable.

The amounts owed by group undertakings within one year includes loans to subsidiary companies which bear interest at a rate of 3.5% (2018 - 3.5%) plus Bank of England base rate and are repayable on demand.

Amounts falling due after more than one year:

	2019	2018
	£	£
Amounts owed by group undertakings	<u>6,000,000</u>	<u>6,000,000</u>

The amounts owed by group undertakings after more than one year are in respect of loans to subsidiary companies which bear interest at a fixed rate of 4% and which are repayable by 31 May 2021. These loans are recorded at amortised cost.

13. DEFERRED TAXATION

The deferred tax included in the balance sheet is as follows:

	2019	2018
	£	£
Included in debtors (note 12)	<u>19,884</u>	<u>17,623</u>

The movement in the deferred taxation account during the year was:

	2019	2018
	£	£
Balance brought forward	17,623	13,470
Profit and loss account movement arising during the year (note 8)	2,261	4,153
Balance carried forward	<u>19,884</u>	<u>17,623</u>

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YEAR ENDED 31 DECEMBER 2019

13. DEFERRED TAXATION (*continued*)

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2019	2018
	£	£
Accounting depreciation in excess of capital allowances	19,884	17,623

14. CREDITORS: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	101,605	23,838
Amounts owed to group undertakings	5,891,792	6,820,635
Other creditors	59,740	85,191
Accruals and deferred income	376,551	460,330
	6,429,688	7,389,994

The financial liabilities above are recorded at transaction price. The debt instruments payable above are recorded at the undiscounted amount payable.

The amounts due to group undertakings within one year includes a loan from the immediate parent undertaking which bears interest at a rate of 3.5% (2018 - 3.5%) plus Bank of England base rate and loans from subsidiary companies that bear interest at the Bank of England base rate. These loans are repayable on demand.

15. CREDITORS: Amounts falling due after more than one year

	2019	2018
	£	£
Amounts owed to group undertakings	17,500,000	17,500,000

The amounts due to group undertakings after one year are in respect of loans from the immediate parent undertaking and another group company, which bear interest at a rate of 4% and are due for repayment by 31 May 2021. These loans are recorded at amortised cost.

16. PENSIONS

The company contributes to a defined contribution scheme for which the pension charge for the year amounted to £98,830 (2018 - £99,194).

DENHOLM LOGISTICS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

17. SHARE CAPITAL

Allotted, called up and fully paid:

	2019		2018	
	Number	£	Number	£
	10,000,000	10,000,000	10,000,000	10,000,000
Ordinary shares of £1 each				

The profit and loss account of £1,187,855 (2018 - £1,218,629) represents cumulative profits or losses, net of dividends paid and other adjustments.

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2019 the total future minimum lease payments under non-cancellable operating leases were as follows:

	Land & Buildings 2019 £	Land & Buildings 2018 £
Operating leases payable:		
Within 1 year	97,988	97,988
Within 2 to 5 years	96,222	208,339
	<u>194,210</u>	<u>306,327</u>

19. RELATED PARTY TRANSACTIONS

At the year end the balances owed from Denholm Port Services Limited, a fellow subsidiary of the ultimate parent company, were £6,646 (2018 - £9,380) and the balances owed to Denholm Port Services were £1,022 (2018 - £Nil).

Transactions with entities in which the J. & J. Denholm Limited group of companies has 100% of the voting rights are not disclosed, as permitted by Section 33.1A of FRS 102.

In addition, advantage has been taken of the exemption under section 1.12 of FRS 102, from disclosing total remuneration of key management personnel, as the company is wholly owned subsidiary of J. & J. Denholm Limited.

20. POST BALANCE SHEET EVENT

Covid-19 has resulted in the shutdown of large parts of the economy in countries around the world. This has led to a short-term contraction in trade in many countries and in the longer term is likely to lead to a world recession. The impact that the measures taken by governments to deal with Covid-19 have had on the Company's businesses and the possible impact on the 2020 results are given in the Strategic Report. Having reviewed the likely impact on the Company, the Directors believe that no impairments or asset carrying value reassessments are currently necessary. This will continue to be monitored while the economic disruption caused by the virus continues.

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21. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is J. & J. Denholm Limited, a company registered in England & Wales. Copies of the accounts of J. & J. Denholm Limited, the largest and smallest group undertaking which consolidates the financial statements of the company, may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.