

COMPANY REGISTRATION NUMBER SC032785

**DENHOLM PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)**

FINANCIAL STATEMENTS

31 DECEMBER 2018

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DENHOLM PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

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DENHOLM PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)
OFFICERS AND PROFESSIONAL ADVISERS

Directors

J N W Denholm
P Knight (Resigned 19 November 2018)
J Watt
P J Cross (Resigned 19 November 2018)
S R Kerslake (Resigned 15 November 2018)
J F J Cuyt (Resigned 12 November 2018)
S B Hughes (Resigned 15 November 2018)
K Brathagen (Appointed 1 November 2018)
B D R MacLehose (Appointed 20 November 2018)
E Nyheim (Appointed 1 November 2018)

Secretary

G A Hanson

Registered office

18 Woodside Crescent
Glasgow
G3 7UL

Independent auditor

BDO LLP
Chartered Accountants and Statutory Auditor
Glasgow
United Kingdom

DENHOLM PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2018

The directors in preparing this strategic report have complied with S414C of the Companies Act 2006.

Business review

The principal activity of the company continued to be the provision of ship agency and related port and marine services.

The company's key performance indicators are turnover and profit on ordinary activities before taxation. Turnover for the year amounted to £7,449,592 (2017 - £7,635,529) and profit on ordinary activities before taxation amounted to £529,314 (2017 - £611,970). The company's year end balance sheet reported net assets of £526,932 (2017 - £559,237).

Turnover and profit on ordinary activities before taxation decreased from the previous year due to the conclusion of a number of projects in 2017. Given our expectations, the result for the year is considered satisfactory. The directors anticipate that 2019 will see an improvement in profitability.

The company's principal risks and uncertainties relate to economic factors such as the strength of the UK economy, world shipping markets and exchange rate fluctuations, together with the performance of customers and competitors.

Financial risk management

The company's principal financial assets are bank balances and trade debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The company has a relatively diverse credit risk, with exposure spread over a reasonable number of customers. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

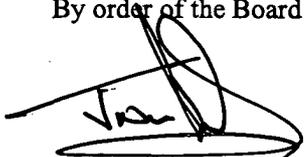
The company's principal financial liabilities are trade creditors.

In the normal course of business the company obtains certain supplies and makes certain sales in euros and dollars. The company manages the risk of foreign exchange movements by entering into forward currency contracts at the point of sale.

Future developments

With a number of new business opportunities already won, the directors are hopeful that the business will see an improvement in profitability in 2019.

By order of the Board on 29 May 2019


J N W Denholm
Director

DENHOLM PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2018

The directors submit their report and the financial statements of the company for the year ended 31 December 2018.

Company number

The company is registered in Scotland (company number SC032785).

Principal activities

The principal activity of the company continued to be the provision of ship agency and related port and marine services.

Results and dividends

The profit for the year after taxation was £417,695 (2017 - £487,150).

The directors declared and the company paid a dividend of £450,000 for the year ended 31 December 2018 (2017 - £350,000).

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 UK 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 appropriate 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 PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2018

Going concern

The directors, having considered the company's forecasts and cash resources, have concluded that the company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

By order of the Board on 29 May 2019.



G A HANSON
Company Secretary

DENHOLM PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM
PORT SERVICES LIMITED**

YEAR ENDED 31 DECEMBER 2018

Opinion

We have audited the financial statements of Denholm Port Services Limited (“the Company”) for the year ended 31 December 2018 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows, 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 2018 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 PORT SERVICES LIMITED

(FORMERLY DENHOLM WILHELMSSEN LIMITED)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM
PORT SERVICES LIMITED (continued)**

YEAR ENDED 31 DECEMBER 2018

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 PORT SERVICES LIMITED

(FORMERLY DENHOLM WILHELMSSEN LIMITED)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM
PORT SERVICES LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2018

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
United Kingdom

31 May 2019

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

DENHOLM PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)

PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
TURNOVER	2	7,449,592	7,635,529
Cost of sales		<u>(2,211,084)</u>	<u>(2,289,038)</u>
GROSS PROFIT		5,238,508	5,346,491
Administrative expenses		<u>(4,728,007)</u>	<u>(4,746,030)</u>
Other operating income	3	11,051	9,765
OPERATING PROFIT	4	521,552	610,226
Interest receivable	7	7,762	1,744
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>529,314</u>	<u>611,970</u>
Tax on profit on ordinary activities	8	<u>(111,619)</u>	<u>(124,820)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>417,695</u></u>	<u><u>487,150</u></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 £417,695 attributable to the shareholders for the year ended 31 December 2018 (2017 - £487,150). Accordingly, a statement of other comprehensive income is not presented.

The notes on pages 12 to 22 form part of these financial statements.

DENHOLM PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)

BALANCE SHEET

31 DECEMBER 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Intangible assets	10	46,690	110,825
Tangible assets	11	312,830	258,579
		<u>359,520</u>	<u>369,404</u>
CURRENT ASSETS			
Debtors due within one year	12	3,970,572	5,812,259
Cash at bank and in hand		2,126,988	1,602,689
		<u>6,097,560</u>	<u>7,414,948</u>
CREDITORS: Amounts falling due within one year	14	(5,930,148)	(7,225,115)
NET CURRENT ASSETS		<u>167,412</u>	<u>189,833</u>
NET ASSETS		<u>526,932</u>	<u>559,237</u>
CAPITAL AND RESERVES			
Called-up share capital	15	100,000	100,000
Profit and loss account	15	426,932	459,237
SHAREHOLDERS' FUNDS		<u>526,932</u>	<u>559,237</u>

These financial statements were approved by the Board on 29 May 2019.


J N W DENHOLM
 Director

The notes on pages 12 to 22 form part of these financial statements.

DENHOLM PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)

STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Operating profit for the financial year		521,552	610,226
Adjustments for:			
Amortisation of intangible assets	10	64,135	64,134
Depreciation of tangible fixed assets	11	66,761	53,635
Decrease/(increase) in trade and other debtors		1,839,244	(1,124,290)
(Decrease)/increase in trade and other creditors		(1,274,031)	1,230,372
Gain on disposal of tangible assets	3	(10,569)	(6,143)
		<hr/>	<hr/>
Cash inflow from operations		1,207,092	827,934
Income taxes paid		(130,120)	(85,233)
		<hr/>	<hr/>
Net cash inflow from operating activities		1,076,972	742,701
Cash flows from investing activities			
Proceeds from sale of tangible assets		17,048	26,239
Purchases of tangible fixed assets	11	(127,483)	(118,917)
Interest received	7	7,762	1,744
		<hr/>	<hr/>
Net cash outflow from investing activities		(102,673)	(90,934)
Cash flows from financing activities			
Dividends paid	9	(450,000)	(350,000)
		<hr/>	<hr/>
Net cash outflow from financing activities		(450,000)	(350,000)
Net increase in cash and cash equivalents		524,299	301,767
Cash and cash equivalents at the beginning of the year		1,602,689	1,300,922
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		2,126,988	1,602,689
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 12 to 22 form part of these financial statements.

DENHOLM PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

	Note	Called up Share capital £	Profit and loss account £	Total £
At 31 December 2016		100,000	322,087	422,087
Profit for the financial year		-	487,150	487,150
Dividends paid on equity shares	9	-	(350,000)	(350,000)
At 31 December 2017		100,000	459,237	559,237
Profit for the financial year		-	417,695	417,695
Dividends paid on equity shares	9	-	(450,000)	(450,000)
At 31 December 2018		100,000	426,932	526,932

The notes on pages 12 to 22 form part of these financial statements.

DENHOLM PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

Basis of accounting

Denholm Port Services Limited (formerly Denholm Wilhelmsen 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, modified to include certain items at fair value 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 2018 and these financial statements may be obtained from Companies House.

During 2017, the Financial Reporting Council ('FRC') issued "Amendments to FRS 102 - Triennial Review 2017" which updated and clarified a number of areas in the Financial Reporting Standard. These amendments to FRS 102 come into effect for all companies from 1st January 2019, however early adoption is permitted. These financial statements have been prepared in accordance with this new Standard in the current year and the prior year.

The functional and presentational currency of Denholm Port Services Limited (formerly Denholm Wilhelmsen Limited) is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Turnover

The turnover shown in the profit and loss account represents amounts earned during the year and is stated net of Value Added Tax. Turnover represents the fair value of consideration received or receivable from the supply of ship agency and related port and marine services. In all cases, it is recognised in accordance with the contractual arrangements.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Goodwill - over 5 years

If there is any indication that there has been a significant change in the amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

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:

Freehold Property - over 50 years
Leasehold Property - over the lesser period of the lease or 50 years
Plant & Machinery - over 4 years
Motor Vehicles - over 4 years

Freehold land is not depreciated.

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

DENHOLM PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

profit and loss account as incurred.

1. **ACCOUNTING POLICIES** *(continued)*

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.

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.

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).

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.

DENHOLM PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

(ii) Derivative financial instruments

The activities of the company expose it directly to the financial risks of changes in foreign currency exchange rates. The company uses forward foreign exchange contracts to hedge these exposures. The company does not use derivative financial instruments for speculative purposes.

Derivatives are initially recorded on the balance sheet and subsequently measured at fair value, which is calculated using standard industry valuation techniques in conjunction with observable market data. The changes in fair value are reported through the profit and loss account.

Foreign currencies

Transactions in currencies other than the functional currency are recognised at the rate of exchange at the date of the transaction, or at an average rate where this rate approximates the actual rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates prevailing at that date. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences arising from trading are included as an exchange gain or loss in the profit and loss account.

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) Debtor's provision

The company assesses the recoverability of its debtors and provides for specific debtors if the likelihood of recoverability is deemed to be in doubt or if the customer has defaulted.

DENHOLM PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES *(continued)*

Critical judgements and estimates in applying the company's accounting policies *(continued)*

(b) Impairment of goodwill

The company carries out impairment reviews whenever events or changes in circumstance indicate that the carrying value of goodwill may not be recoverable. In addition, the company carries out an annual impairment review. An impairment loss is recognised when the recoverable amount of goodwill is less than the carrying amount. The impairment tests are carried out by assets and reflect the latest company projections.

The budgets are based on various assumptions relating to the company's outlook and prospects. These are discussed in the strategic report.

The value in use calculation requires an estimate to be made of the timing and of the amount of future cash flows to the asset 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. TURNOVER

Turnover, stated exclusive of Value Added Tax, is derived from one continuing activity and represents amounts earned for ship agency and related port and marine services in the United Kingdom.

	2018	2017
	£	£
Rendering of services	<u>7,449,592</u>	<u>7,635,529</u>

3. OTHER OPERATING INCOME

	2018	2017
	£	£
Rent receivable	-	8,279
Foreign exchange gain/(loss)	1,182	(7,723)
Change in fair value of derivative financial instruments	(700)	3,066
Profit on disposal of fixed assets	10,569	6,143
	<u>11,051</u>	<u>9,765</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Amortisation of intangible assets	64,135	64,134
Depreciation of tangible fixed assets	66,761	53,635
Profit on disposal of fixed assets	(10,569)	(6,143)
Auditor's remuneration - audit fees	10,918	10,600
Operating lease costs:		
Land and buildings	<u>139,055</u>	<u>136,463</u>

DENHOLM PORT SERVICES LIMITED
(FORMERLY DENHOLM WILHELMSSEN LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

5. **PARTICULARS OF EMPLOYEES**

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

	2018	2017
	Number	Number
Management	4	4
Operations	78	82
	<u>82</u>	<u>86</u>

The aggregate payroll costs of the above were:

	2018	2017
	£	£
Wages and salaries	2,509,498	2,641,063
Social security costs	272,994	272,270
Other pension costs (note 16)	155,877	161,840
	<u>2,938,369</u>	<u>3,075,173</u>

6. **DIRECTORS' REMUNERATION**

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

	2018	2017
	£	£
Remuneration receivable	295,246	333,089
Company pension contributions to money purchase schemes	33,038	36,437
	<u>328,284</u>	<u>369,526</u>

Remuneration of highest paid director:

	2018	2017
	£	£
Total remuneration (excluding pension contributions)	123,836	118,617
Company pension contributions to money purchase schemes	11,359	11,082
	<u>135,195</u>	<u>129,699</u>

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

	2018	2017
	Number	Number
Money purchase schemes	<u>4</u>	<u>4</u>

Certain of the company's directors are remunerated by other group companies during the year and in the prior year 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.

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7.	INTEREST RECEIVABLE	2018	2017
		£	£
	Bank interest receivable	7,762	1,744
		<u><u> </u></u>	<u><u> </u></u>

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax charge in the year

	2018	2017
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	107,739	125,156
Under/(over) provision in prior year	1,437	(2,644)
	<u> </u>	<u> </u>
Total current tax	109,176	122,512
Deferred tax:		
Origination and reversal of timing differences	2,443	2,308
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	111,619	124,820
	<u><u> </u></u>	<u><u> </u></u>

(b) Factors affecting current tax charge for the year

The tax assessed on the profit on ordinary activities for the year is higher (2017 - higher) than the standard rate of corporation tax in the UK of 19.0% (2017 - 19.25%). The differences are reconciled below:

	2018	2017
Profit on ordinary activities before tax	529,314	611,970
	<u><u> </u></u>	<u><u> </u></u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.0% (2017 - 19.25%)	100,570	117,804
Expenses not deductible for tax purposes	4,784	4,889
Depreciation on assets not qualifying for capital allowances	945	43
Differences in deferred tax rate	(287)	(306)
Adjustment in respect of prior periods	1,437	(2,644)
Goodwill not deductible for tax purposes	4,099	4,152
Sundry tax adjusting items	71	882
	<u> </u>	<u> </u>
Total tax charge	111,619	124,820
	<u><u> </u></u>	<u><u> </u></u>

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9. DIVIDENDS

	2018	2017
	£	£
Dividends paid £4.50 per share (2017- £3.50)	450,000	350,000
	<u><u> </u></u>	<u><u> </u></u>

10. INTANGIBLE FIXED ASSETS

	Goodwill
	£
Cost	
At 1 January 2018 and at 31 December 2018	2,300,382
	<u><u> </u></u>
Amortisation	
At 1 January 2018	2,189,557
Charge for the year	64,135
	<u><u> </u></u>
At 31 December 2018	2,253,692
	<u><u> </u></u>
Net Book Value	
At 31 December 2018	46,690
	<u><u> </u></u>
At 31 December 2017	110,825
	<u><u> </u></u>

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11. TANGIBLE FIXED ASSETS

	Freehold Property £	Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Total £
Cost					
1 January 2018	231,362	104,355	953,577	172,546	1,461,840
Additions	7	-	76,722	50,754	127,483
Disposals	-	-	(92,284)	(52,832)	(145,116)
At 31 December 2018	<u>231,369</u>	<u>104,355</u>	<u>938,015</u>	<u>170,468</u>	<u>1,444,207</u>
Depreciation					
At 1 January 2018	110,589	104,355	887,026	101,291	1,203,261
Charge for the year	4,726	-	30,176	31,859	66,761
On disposals	-	-	(92,671)	(45,974)	(138,645)
At 31 December 2018	<u>115,315</u>	<u>104,355</u>	<u>824,531</u>	<u>87,176</u>	<u>1,131,377</u>
Net Book Value					
At 31 December 2018	<u>116,054</u>	<u>-</u>	<u>113,484</u>	<u>83,292</u>	<u>312,830</u>
At 31 December 2017	<u>120,773</u>	<u>-</u>	<u>66,551</u>	<u>71,255</u>	<u>258,579</u>

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

12. DEBTORS: Amounts falling due within one year

	2018 £	2017 £
Trade debtors	2,978,647	4,101,523
Amounts owed by group undertakings	22,162	18,227
Other debtors	210,488	1,291,011
Prepayments and accrued income	739,396	378,476
Deferred taxation (note 13)	19,879	22,322
Fair value of derivative instruments	-	700
	<u>3,970,572</u>	<u>5,812,259</u>

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

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13. DEFERRED TAXATION

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

	2018	2017
	£	£
Included in debtors (note 12)	19,879	22,322

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

	2018	2017
	£	£
Balance brought forward	22,322	24,630
Profit and loss account movement arising during the year (note 8)	(2,443)	(2,308)
Balance carried forward	19,879	22,322

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

	2018	2017
	£	£
Accounting depreciation in excess of capital allowances	19,879	22,322

14. CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	3,152,050	5,277,673
Amounts owed to group undertakings	47,513	119,317
Corporation tax	56,594	77,538
Other creditors	1,168,863	745,905
Accruals and deferred income	1,505,128	1,004,682
	5,930,148	7,225,115

The financial liabilities above are recorded at transaction price. The derivative financial instruments above are recorded at fair value.

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NOTES TO THE FINANCIAL STATEMENTS

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15. SHARE CAPITAL

Allotted, called up and fully paid:

	2018		2017	
	Number	£	Number	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

The profit and loss account of £426,932 (2017 - £459,237) represents cumulative profits or losses, net of dividends paid and other adjustments.

16. PENSIONS

The company contributes to a defined contribution scheme for which the pension charge for the year amounted to £155,877 (2017 - £161,840).

17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2018 total future minimum lease payments under non-cancellable operating leases were as follows:

	Land and buildings	
	2018	2017
	£	£
Operating lease payments due:		
Within 1 year	92,323	135,016
Within 2 to 5 years	<u>53,428</u>	<u>103,531</u>
	<u>145,751</u>	<u>238,547</u>

18. RELATED PARTY TRANSACTIONS

Related Party

	Purchases		Trading	
	from related party	Sales to related party	balances owed to related party	balances owed from related party
	£	£	£	£
2018				
Denholm Global Logistics Limited *	129,590	40,651	11,471	8,134
Lacy & Middlemiss Shipbrokers Limited *	22,251	43,548	4,005	1,674
Denholm UK Logistics Limited *	60,369	3,828	22,657	4,230
Denholm Transport Limited *	6,076	6,193	-	-
Hamilton Port Services Limited *	52,988	-	-	139
Hamilton Container Services Limited *	-	18,206	-	7,985
Petrasco Services Limited **	-	36,519	-	3,718
Denholm Logistics Group Limited*	-	-	9,380	-
	<u>271,274</u>	<u>148,945</u>	<u>47,513</u>	<u>25,880</u>

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18. RELATED PARTY TRANSACTIONS *(continued)*

	Purchases from related party £	Sales to related party £	Trading balances owed to related party £	Trading balances owed from related party £
2017				
Denholm Global Logistics Limited *	156,771	35,655	22,072	8,373
Lacy & Middlemiss Shipbrokers Limited *	38,769	20,515	1,030	5,290
Denholm UK Logistics Limited *	21,048	8,425	1,230	-
Denholm Transport Limited *	6,465	3,975	751	1,549
Hamilton Port Services Limited *	36,951	-	78,783	-
Hamilton Container Services Limited *	148	11,538	40	3,015
Petrasco Services Limited **	-	11,623	-	650
Denholm Fishselling Limited *	11,550	-	14,591	-
Denholm Valvecare Limited **	11,278	-	2,144	-
Denholm Logistics Group Limited*	-	-	820	-
	<u>282,980</u>	<u>91,731</u>	<u>121,461</u>	<u>18,877</u>

Companies marked * are fellow subsidiaries of J.& J. Denholm Limited, the ultimate parent undertaking.

Companies marked ** are under the common control of J.& J. Denholm Limited, the ultimate parent undertaking.

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 classed as a qualifying entity.

19. ULTIMATE PARENT COMPANY

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