

**CARGO MARKETING SERVICES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**Company Registration Number 01416708**

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**CARGO MARKETING SERVICES LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

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**CARGO MARKETING SERVICES LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 MARCH 2014**

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|                               |                                                                                                             |
|-------------------------------|-------------------------------------------------------------------------------------------------------------|
| <b>The board of directors</b> | Mr M R Frearson<br>Mrs T L Bennett                                                                          |
| <b>Company secretary</b>      | Mrs T L Bennett                                                                                             |
| <b>Business address</b>       | Ocean House<br>Marston Park<br>Tamworth<br>Staffordshire<br>B78 3HU                                         |
| <b>Registered office</b>      | As above                                                                                                    |
| <b>Auditor</b>                | Baker Tilly UK Audit LLP<br>Chartered Accountants<br>St Philips Point<br>Temple Row<br>Birmingham<br>B2 5AF |

# **CARGO MARKETING SERVICES LIMITED**

## **STRATEGIC REPORT**

**YEAR ENDED 31 MARCH 2014**

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### **Business review**

The group's main focus is to provide Export and Import service solutions to our client base, which consists of small to medium sized freight forwarders. Our main markets are considered to be North America, the Far East, the Middle East and Australasia. Our business is partially reliant on global economies being buoyant and our main risks and uncertainties are prevalent on the stability of these economies and the continuation of International Trade.

The directors consider the results for 2013/2014 to be acceptable.

The performance indicators used by the group are primarily gross profit and turnover. However, we also pay particular attention to cash levels. Turnover shows a 10% fall off from 2013, at £26.6m (2013 - £29.5m) which has resulted in a lower gross profit. This is slightly lower than 2013 by 3.5%. The group achieved a better gross margin percentage this year at 16.4% compared to that of 15.3% in 2013. Turnover was lower due to freight costs reducing from the shipping lines and as we are a margin based business this affected our end result. However, we protected ourselves by focussing on certain key accounts that generate a higher profit. All other costs within the group remained consistent; the net result being of an acceptable level and adding to the financial strength of the group, along with cash reserves which remained at a high level of £2m, further supporting the financial strength of the group going forward.

During the last quarter of our financial year, we made two new investments with the aim to grow the business by moving into different areas of logistics. A new company was established called Auto Box Logistics Limited to specialise in the movement of vehicles to Australasia. In addition to this we had highlighted the one market that was missing from our portfolio was Latin America. We felt that the best way to establish ourselves in that trade lane was to acquire a small NVOCC that specialised in that field. Maritime Service Line (MSL) was identified as a great fit for us and we acquired 75% of the company at the end of the financial year. Our focus for these two businesses will have more bearing in the financial year to March 2015.

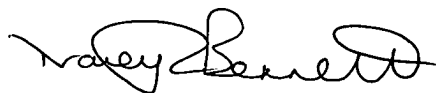
### **Financial risk management objectives and policies**

The group is exposed to moderate level of price risk, credit risk, liquidity risk and cash flow risk. The group manages these by financing its operations through retained profits, and its own cash reserves.

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements, minimise the group's risk to fluctuating interest rates and rate of foreign exchange movements. Trade debtors are managed by a strict credit control policy; agreed payment terms along with official credit limit checks.

The group makes little use of financial instruments other than an operational bank account, so its exposure to the above risks are not really material for the assessment of the assets, liabilities, financial position and profit or loss of the group.

Signed by order of the directors



Mrs T L Bennett  
Company Secretary

Approved by the directors on 27 March 2015

# **CARGO MARKETING SERVICES LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 MARCH 2014**

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The directors present their report and the financial statements of the group for the year ended 31 March 2014.

### **Principal activities and business review**

The principal activity of the group during the year was the provision of freight forwarding services.

### **Results and dividends**

The profit for the year, after taxation, amounted to £94,844. The directors have not recommended a dividend.

### **Directors**

The directors who served the company during the year were as follows:

Mr M R Frearson  
Mrs T L Bennett

### **Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

# **CARGO MARKETING SERVICES LIMITED**

## **DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 MARCH 2014**

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### **Auditor**

Baker Tilly Audit Limited ceased trading on 31 March 2014. The directors, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as Auditor on 1 April 2014 to fill the casual vacancy. In accordance with the Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as Auditor will be put to the members.

Signed by order of the directors



Mrs T L Bennett  
Company Secretary

Approved by the directors on 27 March 2015

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARGO MARKETING SERVICES LIMITED

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We have audited the group and parent company financial statements (the "financial statements") of Cargo Marketing Services Limited for the year ended 31 March 2014 on pages 6 to 26. 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).

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 set out on page 3, 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**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2014 and of the group's 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 matters prescribed by the Companies Act 2006**

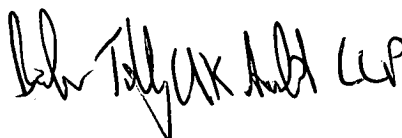
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- adequate accounting records have not been kept 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.

Philip Coleman, Senior Statutory Auditor  
For and on behalf of



Baker Tilly UK Audit LLP, Statutory Auditor, Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
West Midlands  
B2 5AF



**CARGO MARKETING SERVICES LIMITED**  
**GROUP PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2014**

|                                                                  |           | 2014<br>£            | 2013<br>£             |
|------------------------------------------------------------------|-----------|----------------------|-----------------------|
| <b>Group turnover</b>                                            | Note<br>2 | 26,626,829           | 29,466,840            |
| Cost of sales                                                    |           | (22,262,691)         | (24,945,429)          |
| <b>Gross profit</b>                                              |           | <u>4,364,138</u>     | <u>4,521,411</u>      |
| Administrative expenses                                          |           | (4,245,003)          | (4,239,096)           |
| Other operating income                                           | 3         | 22,674               | 18,037                |
| <b>Operating profit</b>                                          | 4         | <u>141,809</u>       | <u>300,352</u>        |
| Share of joint venture operating profit                          |           | 5,497                | 21,323                |
| <b>Total operating profit: Group and share of joint ventures</b> |           | 147,306              | 321,675               |
| Interest receivable                                              |           | 650                  | 964                   |
| Share of interest receivable, joint venture                      |           | 5,557                | —                     |
| Interest payable and similar charges                             | 7         | (182)                | (2,293)               |
| <b>Profit on ordinary activities before taxation</b>             |           | <u>153,331</u>       | <u>320,346</u>        |
| Tax on profit on ordinary activities                             | 8         | (58,487)             | (105,726)             |
| <b>Profit for the financial year</b>                             | 9         | <u><u>94,844</u></u> | <u><u>214,620</u></u> |

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

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

The notes on pages 11 to 26 form part of these financial statements.

**CARGO MARKETING SERVICES LIMITED**  
**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 MARCH 2014**

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|                                                                          | <b>2014</b><br><b>£</b> | <b>2013</b><br><b>£</b> |
|--------------------------------------------------------------------------|-------------------------|-------------------------|
| Profit for the financial year excluding share of profit of joint venture | 86,761                  | 201,382                 |
| Share of joint venture profit for the year                               | <u>8,083</u>            | <u>13,238</u>           |
| Profit attributable to shareholders of the parent company                | 94,844                  | 214,620                 |
| Share of revaluation surpluses, joint venture                            | <u>-</u>                | <u>85,600</u>           |
|                                                                          | 94,844                  | 300,220                 |
| Currency translation differences on foreign currency net investments     | <u>(3,340)</u>          | <u>2,728</u>            |
| Total gains and losses recognised since the last annual report           | <u>91,504</u>           | <u>302,948</u>          |

The notes on pages 11 to 26 form part of these financial statements.

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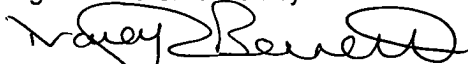
# CARGO MARKETING SERVICES LIMITED

## GROUP BALANCE SHEET

31 MARCH 2014

|                                                                | Note | 2014<br>£   | 2013<br>£   |
|----------------------------------------------------------------|------|-------------|-------------|
| <b>Fixed assets</b>                                            |      |             |             |
| Intangible assets                                              | 10   | 149,841     | 38,135      |
| Tangible assets                                                | 11   | 973,074     | 920,741     |
| Investments                                                    | 12   |             |             |
| Investments in joint ventures:                                 |      |             |             |
| Share of gross assets                                          |      | 417,322     | 431,146     |
| Share of gross liabilities                                     |      | (11,120)    | (33,027)    |
|                                                                |      | 406,202     | 398,119     |
| Other investments                                              |      | 240,000     | 240,000     |
|                                                                |      | 646,202     | 638,119     |
|                                                                |      | 1,769,117   | 1,596,995   |
| <b>Current assets</b>                                          |      |             |             |
| Debtors                                                        | 13   | 4,352,920   | 4,775,298   |
| Cash at bank and in hand                                       |      | 2,054,093   | 1,597,093   |
|                                                                |      | 6,407,013   | 6,372,391   |
| <b>Creditors: Amounts falling due within one year</b>          | 14   | (4,642,725) | (4,657,346) |
| <b>Net current assets</b>                                      |      | 1,764,288   | 1,715,045   |
| <b>Total assets less current liabilities</b>                   |      | 3,533,405   | 3,312,040   |
| <b>Creditors: Amounts falling due after more than one year</b> | 15   | (90,000)    | –           |
| <b>Provisions for liabilities</b>                              |      |             |             |
| Deferred taxation                                              | 17   | (2,905)     | (11,064)    |
|                                                                |      | 3,440,500   | 3,300,976   |
| <b>Minority interests</b>                                      |      | 48,020      | –           |
|                                                                |      | 3,392,480   | 3,300,976   |
| <b>Capital and reserves</b>                                    |      |             |             |
| Called-up share capital                                        | 20   | 450,900     | 450,900     |
| Share premium account                                          | 21   | 85,991      | 85,991      |
| Revaluation reserve                                            | 21   | 85,600      | 85,600      |
| Other reserves                                                 | 21   | 600         | 600         |
| Profit and loss account                                        | 21   | 2,769,389   | 2,677,885   |
| <b>Shareholders' funds</b>                                     | 22   | 3,392,480   | 3,300,976   |

These accounts were approved by the directors and authorised for issue on 27 March 2015, and are signed on their behalf by:



Mrs T L Bennett  
Director

The notes on pages 11 to 26 form part of these financial statements.

**CARGO MARKETING SERVICES LIMITED**

Registered Number 01416708

**COMPANY BALANCE SHEET****31 MARCH 2014**

|                                                                | Note | 2014<br>£          | 2013<br>£          |
|----------------------------------------------------------------|------|--------------------|--------------------|
| <b>Fixed assets</b>                                            |      |                    |                    |
| Tangible assets                                                | 11   | 871,792            | 920,741            |
| Investments                                                    | 12   | 891,393            | 578,000            |
|                                                                |      | <u>1,763,185</u>   | <u>1,498,741</u>   |
| <b>Current assets</b>                                          |      |                    |                    |
| Debtors                                                        | 13   | 3,849,763          | 4,763,923          |
| Cash at bank and in hand                                       |      | 1,892,086          | 1,553,271          |
|                                                                |      | <u>5,741,849</u>   | <u>6,317,194</u>   |
| <b>Creditors: Amounts falling due within one year</b>          | 14   | <u>(4,119,021)</u> | <u>(4,655,079)</u> |
| <b>Net current assets</b>                                      |      | 1,622,828          | 1,662,115          |
| <b>Total assets less current liabilities</b>                   |      | <u>3,386,013</u>   | <u>3,160,856</u>   |
| <b>Creditors: Amounts falling due after more than one year</b> | 15   | (90,000)           | —                  |
| <b>Provisions for liabilities</b>                              |      |                    |                    |
| Deferred taxation                                              | 17   | (2,905)            | (11,064)           |
|                                                                |      | <u>3,293,108</u>   | <u>3,149,792</u>   |
| <b>Capital and reserves</b>                                    |      |                    |                    |
| Called-up share capital                                        | 20   | 450,900            | 450,900            |
| Share premium account                                          | 21   | 85,991             | 85,991             |
| Other reserves                                                 | 21   | 100                | 100                |
| Profit and loss account                                        | 21   | 2,756,117          | 2,612,801          |
| <b>Shareholders' funds</b>                                     |      | <u>3,293,108</u>   | <u>3,149,792</u>   |

These accounts were approved by the directors and authorised for issue on 27 March 2015, and are signed on their behalf by:

  
 Mrs T L Bennett  
 Director

The notes on pages 11 to 26 form part of these financial statements.

**CARGO MARKETING SERVICES LIMITED**

**GROUP CASH FLOW STATEMENT**

**YEAR ENDED 31 MARCH 2014**

|                                                                                       |             | <b>2014</b> |                  | <b>2013</b> |                  |
|---------------------------------------------------------------------------------------|-------------|-------------|------------------|-------------|------------------|
|                                                                                       | <b>Note</b> | <b>£</b>    | <b>£</b>         | <b>£</b>    | <b>£</b>         |
| <b>Net cash inflow from operating activities</b>                                      | <b>23</b>   |             | <b>815,167</b>   |             | <b>19,055</b>    |
| <b>Returns on investments and servicing of finance</b>                                |             |             |                  |             |                  |
| Interest received                                                                     |             | 650         |                  | 964         |                  |
| Interest paid                                                                         |             | (182)       |                  | (2,293)     |                  |
| <b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b> |             |             | <b>468</b>       |             | <b>(1,329)</b>   |
| <b>Taxation</b>                                                                       |             |             | <b>(80,410)</b>  |             | <b>(101,512)</b> |
| <b>Capital expenditure</b>                                                            |             |             |                  |             |                  |
| Payments to acquire tangible fixed assets                                             |             | (133,107)   |                  | (58,887)    |                  |
| Receipts from sale of fixed assets                                                    |             | —           |                  | 7,000       |                  |
| <b>Net cash outflow from capital expenditure</b>                                      |             |             | <b>(133,107)</b> |             | <b>(51,887)</b>  |
| <b>Acquisitions</b>                                                                   |             |             |                  |             |                  |
| Purchase of subsidiary undertakings, net of cash acquired                             |             | 79,159      |                  | —           |                  |
| <b>Net cash inflow for acquisitions</b>                                               |             |             | <b>79,159</b>    |             | <b>-</b>         |
| <b>Cash inflow/(outflow) before financing</b>                                         |             |             | <b>681,277</b>   |             | <b>(135,673)</b> |
| <b>Financing</b>                                                                      |             |             |                  |             |                  |
| Repayment of bank loans                                                               |             | —           |                  | (93,388)    |                  |
| <b>Net cash outflow from financing</b>                                                |             |             | <b>-</b>         |             | <b>(93,388)</b>  |
| <b>Increase/(decrease) in cash</b>                                                    | <b>23</b>   |             | <b>681,277</b>   |             | <b>(229,061)</b> |

The notes on pages 11 to 26 form part of these financial statements.

**CARGO MARKETING SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

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**1. Accounting policies**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over ten years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

**Joint venture**

Where a group company is party to a joint arrangement which is not an entity, that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

**Turnover**

The turnover shown in the profit and loss account represents the value of all goods and services delivered during the year, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations to the customer.

**Amortisation**

Amortisation is calculated so as to write off the cost of an asset over the estimated useful economic life of that asset as follows:

Goodwill - Over 10 years

**Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Freehold buildings - 2.5% straight line basis  
Equipment, fixtures & fittings - 15 - 25% straight line basis

**CARGO MARKETING SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

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**1. Accounting policies (continued)**

Freehold land is not depreciated.

Assets that have been revalued are subject to subsequent revaluations in the third and fifth year following the previous revaluation, or when there are indications of a significant change in the value of the revalued assets. The valuations are performed by a qualified external valuer. The basis of the valuation is existing use value.

Revaluation surpluses are taken to the revaluation reserve. Deficits on subsequent revaluations are charged to the profit and loss account if they are considered to arise as a result of the consumption of the economic benefits provided by the asset. Other deficits on revaluation are charged to the revaluation reserve up to the amount of the associated revaluation surplus. Any excess deficits are charged to the profit and loss account.

Where an asset that was previously revalued is disposed of, its book value is eliminated and an appropriate transfer is made from the revaluation reserve to the profit and loss reserve.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

**Fixed asset investments**

Fixed asset investments are stated at historical cost less provision for any permanent diminution in value.

**Leasing and hire purchase commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet at their fair value and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

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

**Pension costs**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

**CARGO MARKETING SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

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**1. Accounting policies (continued)**

**Deferred taxation**

Deferred tax is recognised in respect of all significant timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it 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 assets and liabilities recognised have not been discounted. Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and on foreign currency borrowings, to the extent that they hedge the group's investment in such operations, are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

**2. Turnover**

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

|                | <b>2014</b>       | <b>2013</b>       |
|----------------|-------------------|-------------------|
|                | <b>£</b>          | <b>£</b>          |
| United Kingdom | 25,583,103        | 28,729,500        |
| Overseas       | 1,043,726         | 737,340           |
|                | <u>26,626,829</u> | <u>29,466,840</u> |

**3. Other operating income**

|                        | <b>2014</b>   | <b>2013</b>   |
|------------------------|---------------|---------------|
|                        | <b>£</b>      | <b>£</b>      |
| Other operating income | <u>22,674</u> | <u>18,037</u> |

**CARGO MARKETING SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**4. Operating profit**

Operating profit is stated after charging/(crediting):

|                                                            | <b>2014</b>   | <b>2013</b>  |
|------------------------------------------------------------|---------------|--------------|
|                                                            | <b>£</b>      | <b>£</b>     |
| Amortisation of intangible assets                          | 7,628         | 7,628        |
| Depreciation of owned fixed assets                         | 89,427        | 82,644       |
| Profit on disposal of fixed assets                         | –             | (6,000)      |
| Operating lease costs:                                     |               |              |
| - Plant and machinery                                      | 14,579        | 14,989       |
| Net loss/(profit) on foreign currency translation          | 319           | (1,786)      |
| Auditor's remuneration - audit of the financial statements | 11,500        | 9,250        |
| Auditor's remuneration - other fees                        | <u>1,500</u>  | <u>1,970</u> |
|                                                            | <b>2014</b>   | <b>2013</b>  |
|                                                            | <b>£</b>      | <b>£</b>     |
| Auditor's remuneration - audit of the financial statements | <u>11,500</u> | <u>9,250</u> |
| Auditor's remuneration - other fees:                       |               |              |
| - Taxation services                                        | <u>1,500</u>  | <u>1,970</u> |

**5. Particulars of employees**

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

|                                | <b>2014</b> | <b>2013</b> |
|--------------------------------|-------------|-------------|
|                                | <b>No</b>   | <b>No</b>   |
| Number of administrative staff | 8           | 8           |
| Number of management staff     | 2           | 2           |
| Number of operations staff     | 49          | 47          |
| Number of sales staff          | <u>3</u>    | <u>3</u>    |
|                                | <u>62</u>   | <u>60</u>   |

The aggregate payroll costs of the above were:

|                       | <b>2014</b>      | <b>2013</b>      |
|-----------------------|------------------|------------------|
|                       | <b>£</b>         | <b>£</b>         |
| Wages and salaries    | 2,457,779        | 2,323,527        |
| Social security costs | 292,867          | 287,322          |
| Other pension costs   | 219,604          | 215,121          |
|                       | <u>2,970,250</u> | <u>2,825,970</u> |

**CARGO MARKETING SERVICES LIMITED**  
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**6. Directors' remuneration**

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

|                                                                  | <b>2014</b>           | <b>2013</b>           |
|------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                  | <b>£</b>              | <b>£</b>              |
| Remuneration receivable                                          | 538,555               | 504,911               |
| Value of company pension contributions to money purchase schemes | <u>96,000</u>         | <u>96,000</u>         |
|                                                                  | <u><b>634,555</b></u> | <u><b>600,911</b></u> |

**Remuneration of highest paid director:**

|                                                                  | <b>2014</b>           | <b>2013</b>           |
|------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                  | <b>£</b>              | <b>£</b>              |
| Total remuneration (excluding pension contributions)             | 287,360               | 270,658               |
| Value of company pension contributions to money purchase schemes | <u>48,000</u>         | <u>48,000</u>         |
|                                                                  | <u><b>335,360</b></u> | <u><b>318,658</b></u> |

The number of directors on whose behalf the company made pension contributions was as follows:

|                        | <b>2014</b> | <b>2013</b> |
|------------------------|-------------|-------------|
|                        | <b>No</b>   | <b>No</b>   |
| Money purchase schemes | <u>2</u>    | <u>2</u>    |

**7. Interest payable and similar charges**

|                                    | <b>2014</b> | <b>2013</b>  |
|------------------------------------|-------------|--------------|
|                                    | <b>£</b>    | <b>£</b>     |
| Interest payable on bank borrowing | <u>182</u>  | <u>2,293</u> |

**CARGO MARKETING SERVICES LIMITED**  
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**8. Taxation on ordinary activities**

**(a) Analysis of charge in the year**

|                                                | 2014    |               | 2013   |                |
|------------------------------------------------|---------|---------------|--------|----------------|
|                                                | £       | £             | £      | £              |
| <b>UK taxation</b>                             |         |               |        |                |
| In respect of the year:                        |         |               |        |                |
| UK Corporation tax                             |         | 61,540        |        | 85,608         |
| Under/(over) provision in prior year           |         | 2,135         |        | (1,389)        |
|                                                |         | <u>63,675</u> |        | <u>84,219</u>  |
| <b>Foreign tax</b>                             |         |               |        |                |
| Current tax on income for the year             | -       |               | 11,949 |                |
| Foreign tax                                    |         | -             |        | 11,949         |
| Share of joint venture taxation charge         |         | 2,971         |        | 8,085          |
|                                                |         | <u>66,646</u> |        | <u>104,253</u> |
| <b>Deferred tax:</b>                           |         |               |        |                |
| Origination and reversal of timing differences | (8,159) |               | 1,473  |                |
| Total deferred tax (note 17)                   |         | (8,159)       |        | 1,473          |
| Tax on profit on ordinary activities           |         | <u>58,487</u> |        | <u>105,726</u> |

**(b) Factors affecting current tax charge**

|                                                                                    | 2014           | 2013           |
|------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                    | £              | £              |
| Profit on ordinary activities before taxation                                      | <u>153,331</u> | <u>320,346</u> |
| Profit on ordinary activities by standard rate of tax in the UK of 23% (2013: 24%) | 35,266         | 76,883         |
| Effects of:                                                                        |                |                |
| Expenses not deductible for tax purposes (including goodwill)                      | 10,074         | 11,233         |
| Capital allowances for period differs from depreciation                            | 7,594          | (378)          |
| Marginal relief                                                                    | (236)          | (1,380)        |
| Tax chargeable at lower rates                                                      | -              | 16,630         |
| Adjustments to tax charge in respect of previous periods                           | 2,135          | (1,389)        |
| Other short term timing differences                                                | 377            | 2,654          |
| Tax losses carried forward                                                         | 11,436         | -              |
| Total current tax (note 8(a))                                                      | <u>66,646</u>  | <u>104,253</u> |

**CARGO MARKETING SERVICES LIMITED**  
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**9. Profit attributable to members of the parent company**

The profit dealt with in the financial statements of the parent company was £143,316 (2013 - £238,088).

**10. Intangible fixed assets**

| <b>Group</b>            | <b>Goodwill<br/>£</b> |
|-------------------------|-----------------------|
| <b>Cost</b>             |                       |
| At 1 April 2013         | 76,275                |
| Additions (see note 24) | 119,334               |
| At 31 March 2014        | <u>195,609</u>        |
| <b>Amortisation</b>     |                       |
| At 1 April 2013         | 38,140                |
| Charge for the year     | 7,628                 |
| At 31 March 2014        | <u>45,768</u>         |
| <b>Net book value</b>   |                       |
| At 31 March 2014        | <u>149,841</u>        |
| At 31 March 2013        | <u>38,135</u>         |

**11. Tangible fixed assets**

| <b>Group</b>              | <b>Freehold<br/>land and<br/>buildings<br/>£</b> | <b>Equipment,<br/>fixtures &amp;<br/>fittings<br/>£</b> | <b>Total<br/>£</b> |
|---------------------------|--------------------------------------------------|---------------------------------------------------------|--------------------|
| <b>Cost or valuation</b>  |                                                  |                                                         |                    |
| At 1 April 2013           | 934,416                                          | 547,349                                                 | 1,481,765          |
| Additions                 | –                                                | 133,107                                                 | 133,107            |
| Acquisition of subsidiary | –                                                | 8,653                                                   | 8,653              |
| At 31 March 2014          | <u>934,416</u>                                   | <u>689,109</u>                                          | <u>1,623,525</u>   |
| <b>Depreciation</b>       |                                                  |                                                         |                    |
| At 1 April 2013           | 158,169                                          | 402,855                                                 | 561,024            |
| Charge for the year       | 18,360                                           | 71,067                                                  | 89,427             |
| At 31 March 2014          | <u>176,529</u>                                   | <u>473,922</u>                                          | <u>650,451</u>     |
| <b>Net book value</b>     |                                                  |                                                         |                    |
| At 31 March 2014          | <u>757,887</u>                                   | <u>215,187</u>                                          | <u>973,074</u>     |
| At 31 March 2013          | <u>776,247</u>                                   | <u>144,494</u>                                          | <u>920,741</u>     |

**CARGO MARKETING SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. Tangible fixed assets (continued)**

| <b>Company</b>           | <b>Freehold<br/>land and<br/>buildings<br/>£</b> | <b>Equipment<br/>fixtures &amp;<br/>fittings<br/>£</b> | <b>Total<br/>£</b> |
|--------------------------|--------------------------------------------------|--------------------------------------------------------|--------------------|
| <b>Cost or valuation</b> |                                                  |                                                        |                    |
| At 1 April 2013          | 934,416                                          | 547,349                                                | 1,481,765          |
| Additions                | –                                                | 38,071                                                 | 38,071             |
| At 31 March 2014         | <u>934,416</u>                                   | <u>585,420</u>                                         | <u>1,519,836</u>   |
| <b>Depreciation</b>      |                                                  |                                                        |                    |
| At 1 April 2013          | 158,169                                          | 402,855                                                | 561,024            |
| Charge for the year      | 18,360                                           | 68,660                                                 | 87,020             |
| At 31 March 2014         | <u>176,529</u>                                   | <u>471,515</u>                                         | <u>648,044</u>     |
| <b>Net book value</b>    |                                                  |                                                        |                    |
| At 31 March 2014         | <u>757,887</u>                                   | <u>113,905</u>                                         | <u>871,792</u>     |
| At 31 March 2013         | <u>776,247</u>                                   | <u>144,494</u>                                         | <u>920,741</u>     |

**Freehold land and buildings**

The gross book value of freehold land and buildings includes £734,416 (2013 - £734,416) of depreciable assets.

**12. Investments**

| <b>Group</b>                       | <b>Total<br/>£</b>               |
|------------------------------------|----------------------------------|
| <b>Cost</b>                        |                                  |
| At 1 April 2013 and 31 March 2014  | <u>240,000</u>                   |
| <b>Net book value</b>              |                                  |
| At 31 March 2014 and 31 March 2013 | <u>240,000</u>                   |
| <b>Company</b>                     | <b>Group<br/>companies<br/>£</b> |
| <b>Cost</b>                        |                                  |
| At 1 April 2013                    | 578,000                          |
| Additions                          | 313,393                          |
| At 31 March 2014                   | <u>891,393</u>                   |
| <b>Net book value</b>              |                                  |
| At 31 March 2014                   | <u>891,393</u>                   |
| At 31 March 2013                   | <u>578,000</u>                   |

**CARGO MARKETING SERVICES LIMITED**  
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**12. Investments (continued)**

**Investments**

The company holds more than 20% of the shares in the following companies which are unlisted:

| <b>Name</b>                                  | <b>Country of incorporation</b> | <b>Holding</b>  | <b>Proportion of voting rights</b> | <b>Principal activity</b> |
|----------------------------------------------|---------------------------------|-----------------|------------------------------------|---------------------------|
| <b>Subsidiary undertakings</b>               |                                 |                 |                                    |                           |
| Cargo Marketing (London) Limited             | England & Wales                 | Ordinary shares | 100%                               | Dormant company           |
| Cargotrans Limited                           | England & Wales                 | Ordinary shares | 100%                               | Dormant company           |
| Cargo Marketing Services LLC                 | USA                             | Ordinary shares | 100%                               | Freight brokers           |
| North Star Cargo Services Limited            | England & Wales                 | Ordinary shares | 100%                               | Freight brokers           |
| Maritime Service Line UK Limited             | England & Wales                 | Ordinary shares | 75%                                | Freight brokers           |
| Auto Box Logistics Limited                   | England & Wales                 | Ordinary shares | 100%                               | Freight brokers           |
| <b>Joint venture</b>                         |                                 |                 |                                    |                           |
| King International Shipping Services Limited | England & Wales                 | Ordinary shares | 50%                                | Property rental           |

The company has a 50% holding in King International Shipping Services Limited whose principal activity is that of property rental.

At the balance sheet date the net assets of King International Shipping Services Limited were £812,204 (2013 - £796,236) and the profit for the financial year after taxation was £16,168 (2013 - £37,121).

The above information was extracted from King International Shipping Services Limited's unaudited financial statements for the year ended 31 March 2014.

**13. Debtors**

|                                    | <b>Group</b>     |                  | <b>Company</b>   |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | <b>2014</b>      | <b>2013</b>      | <b>2014</b>      | <b>2013</b>      |
|                                    | <b>£</b>         | <b>£</b>         | <b>£</b>         | <b>£</b>         |
| Trade debtors                      | 4,022,471        | 4,491,902        | 3,465,624        | 4,490,184        |
| Amounts owed by group undertakings | —                | —                | 83,990           | 83               |
| VAT recoverable                    | 148,969          | 135,744          | 146,211          | 135,637          |
| Shareholder's loan account         | —                | 947              | —                | 947              |
| Other debtors                      | 74,532           | 27,282           | 47,998           | 25,360           |
| Directors' current accounts        | 3,088            | 5,221            | 3,088            | 5,221            |
| Prepayments and accrued income     | 103,860          | 114,202          | 102,852          | 106,491          |
|                                    | <u>4,352,920</u> | <u>4,775,298</u> | <u>3,849,763</u> | <u>4,763,923</u> |

**CARGO MARKETING SERVICES LIMITED**  
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**14. Creditors: Amounts falling due within one year**

|                                                                                | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                                                | <b>2014</b>      | <b>2013</b>      | <b>2014</b>      | <b>2013</b>      |
|                                                                                | <b>£</b>         | <b>£</b>         | <b>£</b>         | <b>£</b>         |
| Bank loans and overdrafts                                                      | 459,058          | 683,335          | 459,058          | 683,335          |
| Trade creditors                                                                | 3,198,157        | 3,353,710        | 2,815,274        | 3,323,994        |
| Amounts owed to undertakings in which the company has a participating interest | 709              | 28,747           | 709              | 28,747           |
| Other creditors including taxation and social security:                        |                  |                  |                  |                  |
| Corporation tax                                                                | 73,810           | 64,624           | 61,425           | 86,368           |
| PAYE and social security                                                       | 92,323           | 82,829           | 91,388           | 82,829           |
| Shareholder's loan account                                                     | 74               | –                | 74               | –                |
| Other creditors                                                                | 171,356          | 4,152            | 128,065          | 10,845           |
| Accruals and deferred income                                                   | 647,238          | 439,949          | 563,028          | 438,961          |
|                                                                                | <u>4,642,725</u> | <u>4,657,346</u> | <u>4,119,021</u> | <u>4,655,079</u> |

The following liabilities disclosed under creditors falling due within one year are secured by the company:

|                           | <b>Group</b>   |                | <b>Company</b> |                |
|---------------------------|----------------|----------------|----------------|----------------|
|                           | <b>2014</b>    | <b>2013</b>    | <b>2014</b>    | <b>2013</b>    |
|                           | <b>£</b>       | <b>£</b>       | <b>£</b>       | <b>£</b>       |
| Bank loans and overdrafts | <u>459,058</u> | <u>683,335</u> | <u>459,058</u> | <u>683,335</u> |

The bank overdraft is secured by a fixed charge over the freehold property known as Marston Park, Tamworth.

**15. Creditors: Amounts falling due after more than one year**

|                 | <b>Group</b>  |             | <b>Company</b> |             |
|-----------------|---------------|-------------|----------------|-------------|
|                 | <b>2014</b>   | <b>2013</b> | <b>2014</b>    | <b>2013</b> |
|                 | <b>£</b>      | <b>£</b>    | <b>£</b>       | <b>£</b>    |
| Other creditors | <u>90,000</u> | <u>–</u>    | <u>90,000</u>  | <u>–</u>    |

**16. Pensions**

**Defined contribution pension scheme**

The group and company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group and company to the scheme and amounted to £219,604 (2013 - £215,121).

There were outstanding contributions of £nil (2013 - £10,845) at the year end which are included within other creditors.

**CARGO MARKETING SERVICES LIMITED**  
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**17. Deferred taxation**

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

|                                  | <b>Group</b> |               | <b>Company</b> |               |
|----------------------------------|--------------|---------------|----------------|---------------|
|                                  | <b>2014</b>  | <b>2013</b>   | <b>2014</b>    | <b>2013</b>   |
|                                  | <b>£</b>     | <b>£</b>      | <b>£</b>       | <b>£</b>      |
| Provision brought forward        | 11,064       | 9,591         | 11,064         | 9,591         |
| (Decrease)/Increase in provision | (8,159)      | 1,473         | (8,159)        | 1,473         |
| Provision carried forward        | <u>2,905</u> | <u>11,064</u> | <u>2,905</u>   | <u>11,064</u> |

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

| <b>Group</b>                                                    | <b>2014</b>     |                   | <b>2013</b>     |                   |
|-----------------------------------------------------------------|-----------------|-------------------|-----------------|-------------------|
|                                                                 | <b>Provided</b> | <b>Unprovided</b> | <b>Provided</b> | <b>Unprovided</b> |
|                                                                 | <b>£</b>        | <b>£</b>          | <b>£</b>        | <b>£</b>          |
| Excess of taxation allowances over depreciation on fixed assets | 5,218           | -                 | 13,349          | -                 |
| Timing differences on pensions                                  | (2,313)         | -                 | (2,285)         | -                 |
|                                                                 | <u>2,905</u>    | <u>-</u>          | <u>11,064</u>   | <u>-</u>          |

The company's provision for deferred taxation consists of the tax effect of timing differences in respect of:

| <b>Company</b>                                                  | <b>2014</b>     |                   | <b>2013</b>     |                   |
|-----------------------------------------------------------------|-----------------|-------------------|-----------------|-------------------|
|                                                                 | <b>Provided</b> | <b>Unprovided</b> | <b>Provided</b> | <b>Unprovided</b> |
|                                                                 | <b>£</b>        | <b>£</b>          | <b>£</b>        | <b>£</b>          |
| Excess of taxation allowances over depreciation on fixed assets | 5,218           | -                 | 13,349          | -                 |
| Timing differences on pensions                                  | (2,313)         | -                 | (2,285)         | -                 |
|                                                                 | <u>2,905</u>    | <u>-</u>          | <u>11,064</u>   | <u>-</u>          |

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. Commitments under operating leases**

At 31 March 2014 the group had annual commitments under non-cancellable operating leases as set out below.

| <b>Group</b>                   | <b>2014</b>                         |                          | <b>2013</b>                         |                          |
|--------------------------------|-------------------------------------|--------------------------|-------------------------------------|--------------------------|
|                                | <b>Land and<br/>buildings<br/>£</b> | <b>Other items<br/>£</b> | <b>Land and<br/>buildings<br/>£</b> | <b>Other items<br/>£</b> |
| Operating leases which expire: |                                     |                          |                                     |                          |
| Within 1 year                  | 60,000                              | 29,907                   | 60,000                              | 29,282                   |
| Within 2 to 5 years            | 42,500                              | 17,349                   | 102,500                             | 32,883                   |
|                                | <u>102,500</u>                      | <u>47,256</u>            | <u>162,500</u>                      | <u>62,165</u>            |

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as set out below.

| <b>Company</b>                 | <b>2014</b>                         |                          | <b>2013</b>                         |                          |
|--------------------------------|-------------------------------------|--------------------------|-------------------------------------|--------------------------|
|                                | <b>Land and<br/>buildings<br/>£</b> | <b>Other items<br/>£</b> | <b>Land and<br/>buildings<br/>£</b> | <b>Other items<br/>£</b> |
| Operating leases which expire: |                                     |                          |                                     |                          |
| Within 1 year                  | 60,000                              | 29,907                   | 60,000                              | 29,282                   |
| Within 2 to 5 years            | 42,500                              | 17,349                   | 102,500                             | 32,883                   |
|                                | <u>102,500</u>                      | <u>47,256</u>            | <u>162,500</u>                      | <u>62,165</u>            |

**CARGO MARKETING SERVICES LIMITED**  
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**19. Related party transactions**

**Ultimate controlling entity**

The group is controlled by D G Horwell who owns 94.42% of the issued share capital of the parent company, Cargo Marketing Services Limited. D G Horwell resigned as a director on 1 October 2011.

**Related party transactions**

Transactions during the year ended 31 March 2014 with related parties were as follows:

**Sales - sale of services**

|                                              | <b>2014</b> | <b>2013</b>  |
|----------------------------------------------|-------------|--------------|
|                                              | <b>£</b>    | <b>£</b>     |
| King International Shipping Services Limited | —           | <u>7,311</u> |

**Purchases - purchase of services**

|                                              | <b>2014</b> | <b>2013</b> |
|----------------------------------------------|-------------|-------------|
|                                              | <b>£</b>    | <b>£</b>    |
| King International Shipping Services Limited | —           | <u>709</u>  |

All transactions were conducted under normal commercial terms.

**Consultancy fees**

|                                                | <b>2014</b>    | <b>2013</b>    |
|------------------------------------------------|----------------|----------------|
|                                                | <b>£</b>       | <b>£</b>       |
| Cargo International Marketing Services Limited | <u>345,930</u> | <u>590,526</u> |

The services of the majority shareholder Mr D G Horwell are provided through Cargo International Marketing Services Limited.

At the year end Mr D G Horwell owed £nil (2013 - £947) to the company. This amount was included within debtors due within one year. No interest was charged on the balance.

At 31 March 2014 the following amounts were due from/(to) related party interests as follows:

|                                              | <b>2014</b> | <b>2013</b>     |
|----------------------------------------------|-------------|-----------------|
|                                              | <b>£</b>    | <b>£</b>        |
| King International Shipping Services Limited | <u>709</u>  | <u>(28,747)</u> |

The amount due to King International Shipping Services Limited was included within creditors due within one year.

No additional transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

**CARGO MARKETING SERVICES LIMITED**  
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**19. Related party transactions (continued)**

**Directors' loan accounts**

Included in other debtors are amounts due from the following directors:

|                 | Maximum<br>balance<br>£ | 2014<br>£ | 2013<br>£    |
|-----------------|-------------------------|-----------|--------------|
| Mr M R Frearson | 6,183                   | —         | 4,973        |
| Mrs T L Bennett | 248                     | —         | 248          |
|                 | <u>6,431</u>            | <u>—</u>  | <u>5,221</u> |

No interest is charged on directors' loans.

**20. Share capital**

**Allotted, called up and fully paid:**

|                            | 2014<br>No     | £              | 2013<br>No     | £              |
|----------------------------|----------------|----------------|----------------|----------------|
| Ordinary shares of £1 each | <u>450,900</u> | <u>450,900</u> | <u>450,900</u> | <u>450,900</u> |

**21. Reserves**

**Group**

|                                 | Share premium<br>account<br>£ | Revaluation<br>reserve<br>£ | Capital<br>redemption<br>reserve<br>£ | Profit and loss<br>account<br>£ |
|---------------------------------|-------------------------------|-----------------------------|---------------------------------------|---------------------------------|
| Balance brought forward         | 85,991                        | 85,600                      | 600                                   | 2,677,885                       |
| Profit for the year             | —                             | —                           | —                                     | 94,844                          |
| Foreign exchange<br>differences | —                             | —                           | —                                     | (3,340)                         |
| Balance carried forward         | <u>85,991</u>                 | <u>85,600</u>               | <u>600</u>                            | <u>2,769,389</u>                |

**Company**

|                         | Share premium<br>account<br>£ | Capital<br>redemption<br>reserve<br>£ | Profit and loss<br>account<br>£ |
|-------------------------|-------------------------------|---------------------------------------|---------------------------------|
| Balance brought forward | 85,991                        | 100                                   | 2,612,801                       |
| Profit for the year     | —                             | —                                     | 143,316                         |
| Balance carried forward | <u>85,991</u>                 | <u>100</u>                            | <u>2,756,117</u>                |

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**22. Reconciliation of movements in shareholders' funds**

|                                       | <b>2014</b>      | <b>2013</b>      |
|---------------------------------------|------------------|------------------|
|                                       | <b>£</b>         | <b>£</b>         |
| Profit for the financial year         | 94,844           | 214,620          |
| Other net recognised gains and losses | —                | 85,600           |
| Foreign exchange differences          | (3,340)          | 2,728            |
| Net addition to shareholders' funds   | 91,504           | 302,948          |
| Opening shareholders' funds           | 3,300,976        | 2,998,028        |
| Closing shareholders' funds           | <u>3,392,480</u> | <u>3,300,976</u> |

**23. Notes to the cash flow statement**

**Reconciliation of operating profit to net cash inflow from operating activities**

|                                           | <b>2014</b>    | <b>2013</b>   |
|-------------------------------------------|----------------|---------------|
|                                           | <b>£</b>       | <b>£</b>      |
| Operating profit                          | 141,809        | 300,352       |
| Foreign exchange movements                | (3,340)        | —             |
| Amortisation                              | 7,628          | 7,628         |
| Depreciation                              | 89,427         | 82,644        |
| Profit on disposal of fixed assets        | —              | (6,000)       |
| Decrease/(increase) in debtors            | 999,362        | (708,304)     |
| (Decrease)/increase in creditors          | (419,719)      | 342,735       |
| Net cash inflow from operating activities | <u>815,167</u> | <u>19,055</u> |

**Reconciliation of net cash flow to movement in net funds**

|                                               | <b>2014</b>   |                  | <b>2013</b>    |
|-----------------------------------------------|---------------|------------------|----------------|
|                                               | <b>£</b>      | <b>£</b>         | <b>£</b>       |
| Increase/(decrease) in cash in the period     | 657,199       |                  | (229,061)      |
| Net cash outflow from bank loans              | <u>24,078</u> |                  | <u>93,388</u>  |
| Change in net funds resulting from cash flows |               | 681,277          | (135,673)      |
| Translation differences                       |               | —                | 2,728          |
| Movement in net funds in the period           |               | 681,277          | (132,945)      |
| Net funds at 1 April 2013                     |               | 913,758          | 1,046,703      |
| Net funds at 31 March 2014                    |               | <u>1,595,035</u> | <u>913,758</u> |

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**23. Notes to the cash flow statement (continued)**

**Analysis of changes in net funds**

|                                 | At<br>1 April 2013<br>£ | Cash flows<br>£ | Acquisitions<br>£ | At<br>31 March 2014<br>£ |
|---------------------------------|-------------------------|-----------------|-------------------|--------------------------|
| <i>Net cash:</i>                |                         |                 |                   |                          |
| <i>Cash in hand and at bank</i> | 1,597,093               | 377,841         | 79,159            | 2,054,093                |
| <i>Overdrafts</i>               | (659,257)               | 200,199         | -                 | (459,058)                |
|                                 | <u>937,836</u>          | <u>578,040</u>  | <u>79,159</u>     | <u>1,595,035</u>         |
| <i>Debt:</i>                    |                         |                 |                   |                          |
| <i>Debt due within 1 year</i>   | (24,078)                | 24,078          | -                 | -                        |
|                                 | <u>913,758</u>          | <u>602,118</u>  | <u>79,159</u>     | <u>1,595,035</u>         |

**24. Acquisitions**

On 14 March 2014 the group acquired 75% of the share capital of Maritime Service Line UK Limited for a total purchase consideration of £263,393. Of this consideration, £43,746 was satisfied in cash in the year to 31 March 2014, with £129,641 accrued and paid in the year to 31 March 2015 and £90,000 is deferred consideration payable in more than one year. Goodwill arising on the acquisition of Maritime Service Line UK Limited has been capitalised and will be amortised over ten years. The investment in Maritime Service Line UK Limited has been included in the company's balance sheet at its fair value at the date of acquisition.

The fair value of assets and liabilities acquired are as follows:

|                                     | Fair value<br>and book<br>value<br>£ |
|-------------------------------------|--------------------------------------|
| Tangible fixed assets               | 8,653                                |
| Debtors                             | 576,984                              |
| Cash                                | 122,905                              |
| Creditors                           | (516,463)                            |
|                                     | <u>192,079</u>                       |
| Less minority interest – 25%        | (48,020)                             |
|                                     | <u>144,059</u>                       |
| Goodwill acquired                   | <u>119,334</u>                       |
| Satisfied by:                       |                                      |
| Cash consideration paid and payable | 173,393                              |
| Deferred consideration              | 90,000                               |
|                                     | <u>263,393</u>                       |

Since acquisition, the company has not contributed towards group trading or cash flows.

The group incorporated a new subsidiary during the year, Auto Box Logistics Limited, which undertook some limited initial trading.