

Registered number: 01416708

CARGO MARKETING SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

THURSDAY



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CARGO MARKETING SERVICES LIMITED

COMPANY INFORMATION

Directors	Mr M R Frearson Mrs T L Bennett
Company secretary	Mrs T L Bennett
Registered number	01416708
Registered office	Ocean House Marston Park Tamworth Staffordshire B78 3HU
Independent auditors	Moore Stephens LLP Chartered Accountants and Statutory Auditor 35 Calthorpe Road Edgbaston Birmingham B15 1TS

CARGO MARKETING SERVICES LIMITED

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CARGO MARKETING SERVICES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their group strategic report for the year ended 31 March 2018.

Principal activity

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

Business review

The Cargo Marketing group saw mixed fortunes in 2017/18.

Maritime Service Line UK Limited's ("MSL") performance was more in line with what we expect after the previous year's extra ordinary result. With MSL's market primarily consolidation, margins have been squeezed by the competition and there is little growth in the economies of Latin America to enable MSL to push further forward.

For the new year April 2018 to March 2019, MSL has changed a key member of staff whose working practises did not suit our system efficiencies and we hope that new operating methods and increase revenue that we are asking our overseas partners to levy on arrivals in South America will improve performance.

Auto Box Logistics Limited ("Auto Box") has become a recognised and prestigious brand in the Automotive Logistics business, albeit the profit remains to be small considering the amount of work that goes into this section of the business. As one trade lane booms another seems to reduce. Auto Box has done some interesting project shipments with car rallies to Vietnam and South America. These are profitable projects and we look to do more in 2018/19.

Cargo Marketing Services Limited ("CMS") had a very good year mainly due to improved profits on Full Container Loads and LCL Imports. With the services of the Carriers coming into question, Freight Forwarders are preferring to use NVOCC's like ourselves who can give a much more personnel service. Our Import Department started to cost out arrival in a much more aggressive manner which saw profitability improve dramatically.

The 2017/18 performance of CMS will not be repeated in 2018/19, we are seeing severe haulage shortages out of the main ports of Southampton and Felixstowe with two week delays in cover. Although Brexit does not effect our trade lanes, there is undoubtedly a nervousness around shipping lines, port operators and hauliers that is making the fundamental parts of the job more difficult which is stretching every bodies capabilities.

Financial key performance indicators

The performance indicators used by the group are primarily gross profit and turnover. However, we also pay particular attention to cash levels.

Group turnover increased by 16% from £27,383,619 to £31,802,949 during the year. In line with the increase in turnover, gross profit has increased to £6,610,757 compared to £5,964,465 in the previous year. The group achieved a gross margin percentage this year at 20.9% compared to that of 21.8% in 2017.

The group has reported positive operating cash flows of £409,356 (2017 - £270,516) and an overall increase in cash of £360,294. The group continues to hold health cash reserves at the balance sheet date.

CARGO MARKETING SERVICES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

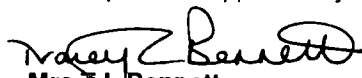
Principal risks and uncertainties

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 retain 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.

This report was approved by the board on 17th December 2018 and signed on its behalf.


Mrs T L Bennett
Director

CARGO MARKETING SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

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

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

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £457,655 (2017 - £506,011).

No dividends were paid by the company in the year (2017 - £Nil). The directors do not recommend a final dividend.

Directors

The directors who served during the year were:

Mr M R Frearson
Mrs T L Bennett

Strategic report

Information as required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Group Strategic Report.

CARGO MARKETING SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditors are aware of that information.

Post balance sheet events

On 1 June 2018 the company purchased 60% of the ordinary share capital of International Cargo Centre Limited for consideration of £85,000.

There have been no other significant events affecting the group since the year end.

Auditors

The auditors, Moore Stephens LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17th December 2018 and signed on its behalf.



Mrs T L Bennett
Director

CARGO MARKETING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARGO MARKETING SERVICES LIMITED

Opinion

We have audited the financial statements of Cargo Marketing Services Limited for the year ended 31 March 2018, which comprise of the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes, 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 Group's and of the parent company's affairs as at 31 March 2018 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent 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.

CARGO MARKETING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARGO MARKETING SERVICES LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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.

Opinion 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the 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 Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the 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 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.

CARGO MARKETING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARGO MARKETING SERVICES LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement 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, 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 Group's and the parent 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 Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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 in an Auditors' 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.



Paul Fenner (Senior Statutory Auditor)

for and on behalf of
Moore Stephens LLP

Chartered Accountants and Statutory Auditor

35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

Date: 19 December 2018

CARGO MARKETING SERVICES LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Turnover	4	31,802,949	27,383,619
Cost of sales		(25,192,192)	(21,419,154)
Gross profit		6,610,757	5,964,465
Administrative expenses		(5,935,576)	(5,246,495)
Other operating charges	5	(77,150)	-
Operating profit	6	598,031	717,970
Share of profit of joint venture		-	5,558
Total operating profit		598,031	723,528
Interest receivable and similar income	9	13,733	4,316
Profit before taxation		611,764	727,844
Tax on profit	10	(129,275)	(159,698)
Profit for the financial year		482,489	568,146
Currency translation differences		-	1,701
Other comprehensive income for the year		-	1,701
Total comprehensive income for the year		482,489	569,847
Profit for the year attributable to:			
Non-controlling interests		24,834	62,135
Owners of the parent company		457,655	506,011
		482,489	568,146
Total comprehensive income for the year attributable to:			
Non-controlling interest		24,834	62,135
Owners of the parent company		457,655	507,712
		482,489	569,847

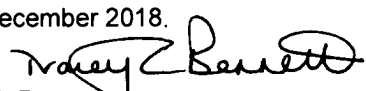
The notes on pages 14 to 32 form part of these financial statements.

CARGO MARKETING SERVICES LIMITED
REGISTERED NUMBER: 01416708

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	11		54,170		62,993
Tangible assets	12		1,254,103		953,649
Investment in joint ventures	13		-		417,356
Other investments	13		240,000		240,000
			<u>1,548,273</u>		<u>1,673,998</u>
Current assets					
Debtors: amounts falling due within one year	15	6,683,072		4,704,865	
Cash at bank and in hand	16	2,825,378		2,465,084	
		<u>9,508,450</u>		<u>7,169,949</u>	
Creditors: amounts falling due within one year	17	(5,931,798)		(4,203,520)	
Net current assets			<u>3,576,652</u>		<u>2,966,429</u>
Total assets less current liabilities			<u>5,124,925</u>		<u>4,640,427</u>
Provisions for liabilities					
Deferred taxation	18	(33,410)		(31,401)	
			<u>(33,410)</u>		<u>(31,401)</u>
Net assets			<u><u>5,091,515</u></u>		<u><u>4,609,026</u></u>
Capital and reserves					
Called up share capital	20		450,900		450,900
Share premium account	21		85,991		85,991
Capital redemption reserve	21		600		600
Profit and loss account	21		4,361,667		3,904,012
Equity attributable to owners of the parent company			<u>4,899,158</u>		<u>4,441,503</u>
Non-controlling interests			192,357		167,523
			<u><u>5,091,515</u></u>		<u><u>4,609,026</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17th December 2018.

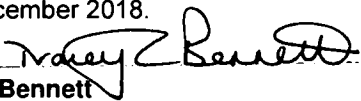

Mrs T L Bennett
 Director

CARGO MARKETING SERVICES LIMITED
REGISTERED NUMBER: 01416708

COMPANY BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	12		797,156		774,448
Investments	13		543,289		880,289
			<u>1,340,445</u>		<u>1,654,737</u>
Current assets					
Debtors: amounts falling due within one year	15	4,980,419		4,098,916	
Cash at bank and in hand	16	2,148,804		1,808,812	
		<u>7,129,223</u>		<u>5,907,728</u>	
Creditors: amounts falling due within one year	17	(3,884,099)		(3,426,871)	
Net current assets			<u>3,245,124</u>		<u>2,480,857</u>
Total assets less current liabilities			<u>4,585,569</u>		<u>4,135,594</u>
Deferred taxation	18	(1,861)		-	
		<u>(1,861)</u>		<u>-</u>	
Net assets			<u><u>4,583,708</u></u>		<u><u>4,135,594</u></u>
Capital and reserves					
Called up share capital	20		450,900		450,900
Share premium account	21		85,991		85,991
Capital redemption reserve	21		100		100
Profit and loss account brought forward		3,598,603		3,336,512	
Profit for the year		448,114		262,091	
		<u></u>		<u></u>	
Profit and loss account carried forward			4,046,717		3,598,603
			<u><u>4,583,708</u></u>		<u><u>4,135,594</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17th December 2018.


Mrs T L Bennett
 Director

The notes on pages 14 to 32 form part of these financial statements.

CARGO MARKETING SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Equity attributable to owners of parent company £	Non- controlling interests £	Total equity £
At 1 April 2016	450,900	85,991	600	3,396,300	3,933,791	105,388	4,039,179
Comprehensive income for the year							
Profit for the year	-	-	-	506,011	506,011	62,135	568,146
Currency translation differences	-	-	-	1,701	1,701	-	1,701
Total comprehensive income for the year	-	-	-	507,712	507,712	62,135	569,847
At 1 April 2017	450,900	85,991	600	3,904,012	4,441,503	167,523	4,609,026
Comprehensive income for the year							
Profit for the year	-	-	-	457,655	457,655	24,834	482,489
Total comprehensive income for the year	-	-	-	457,655	457,655	24,834	482,489
At 31 March 2018	450,900	85,991	600	4,361,667	4,899,158	192,357	5,091,515

CARGO MARKETING SERVICES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2016	450,900	85,991	100	3,336,512	3,873,503
Comprehensive income for the year					
Profit for the year	-	-	-	262,091	262,091
Total comprehensive income for the year	-	-	-	262,091	262,091
At 1 April 2017	450,900	85,991	100	3,598,603	4,135,594
Comprehensive income for the year					
Profit for the year	-	-	-	448,114	448,114
Total comprehensive income for the year	-	-	-	448,114	448,114
At 31 March 2018	450,900	85,991	100	4,046,717	4,583,708

CARGO MARKETING SERVICES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	482,489	568,146
Adjustments for:		
Amortisation of intangible assets	8,823	16,622
Depreciation of tangible assets	81,057	83,486
Loss on disposal of investments	77,150	-
Loss on disposal of tangible assets	23,490	-
Interest received	(13,733)	(4,316)
Taxation charge	129,275	159,698
(Increase) in debtors	(1,980,207)	(704,487)
Increase in creditors	1,738,984	239,921
Share of operating profit/(loss) in joint ventures	-	(5,558)
Corporation tax (paid)	(137,972)	(84,697)
Foreign exchange	-	1,701
Net cash generated from operating activities	<u>409,356</u>	<u>270,516</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(403,001)	(50,130)
Sale of tangible fixed assets	-	1,750
Sale of share in joint ventures	340,206	-
Interest received	13,733	3,296
Net cash from investing activities	<u>(49,062)</u>	<u>(45,084)</u>
Net increase in cash and cash equivalents	<u>360,294</u>	<u>225,432</u>
Cash and cash equivalents at beginning of year	2,465,084	2,239,652
Cash and cash equivalents at the end of year	<u><u>2,825,378</u></u>	<u><u>2,465,084</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>2,825,378</u></u>	<u><u>2,465,084</u></u>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Cargo Marketing Services Limited is a company limited by shares, incorporated in England & Wales and domiciled in England.

The company's registered number is 01416708 and its registered office is Ocean House, Marston Park, Tamworth, Staffordshire, B78 3HU.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional and presentation currency for the company and the group is Sterling. The financial statements have been rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3)

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the group and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

No profit and loss account is presented for Cargo Marketing Services Limited as permitted by section 408 of the Companies Act 2006.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Joint venture

Where a group company is party to a joint arrangement, which is not an entity, the 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.

2.4 Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations to the customer.

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the profit or loss over its useful economic life.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset.

The estimated useful lives range as follows:

Goodwill	-	10	years
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2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold land and buildings	- 2.5% straight line basis
Plant and machinery	- 10% straight line basis
Motor vehicles	- 25% straight line basis
Equipment, fixtures and fittings	- 5 - 25% straight line basis
Computer equipment	- 5 - 25% straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

2.7 Investments

Investments held as fixed assets are shown at fair value.

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.10 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate under the contract.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.13 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the lease term.

2.14 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit or loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations for future events that we believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The nature of this business is that whilst estimates and judgements are required in certain areas, for example around prepayments and accruals, however none are considered to be critical or key estimates.

CARGO MARKETING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. Turnover

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

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	28,622,276	25,847,907
Overseas	3,180,673	1,535,712
	<u>31,802,949</u>	<u>27,383,619</u>

5. Other operating charges

	2018 £	2017 £
Loss on disposal of investments in joint venture	<u>77,150</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging/crediting:

	2018 £	2017 £
Depreciation of tangible fixed assets	81,057	83,485
Amortisation of intangible assets, including goodwill	8,823	16,622
Loss on disposal of fixed assets	23,490	-
Loss on disposal of fixed asset investments	77,150	-
Fees payable to the group's auditor and its associates for the audit of the company's annual financial statements	22,500	18,000
Fees payable to the group's auditors and its associates for other services to the group:		
- The audit of the group's subsidiaries pursuant to legislation	6,500	6,000
- Taxation compliance services	3,250	2,500
- Accountancy services	2,750	3,000
Exchange differences	216,248	(99,432)
Other operating lease rentals	95,840	92,638
Defined contribution pension cost	168,947	166,854
	<u>493,535</u>	<u>171,560</u>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	3,509,634	3,109,175	3,157,601	2,881,338
Social security costs	391,336	356,276	354,365	330,934
Cost of defined contribution scheme	168,947	166,854	166,093	164,623
	<u>4,069,917</u>	<u>3,632,305</u>	<u>3,678,059</u>	<u>3,376,895</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Administration	11	10
Management	2	2
Operations	60	57
Sales	5	5
	<u>78</u>	<u>74</u>

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	750,720	666,334
Company contributions to defined contribution pension schemes	20,000	20,000
	<u>770,720</u>	<u>686,334</u>

During the year retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £387,190 (2017 - £365,720).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2017 - £10,000).

CARGO MARKETING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

9. Interest receivable

	2018	2017
	£	£
Share of joint venture interest receivable	-	1,020
Other interest receivable	13,733	3,296
	<u>13,733</u>	<u>4,316</u>

10. Taxation

	2018	2017
	£	£
Corporation tax		
Current tax on profits for the year	148,336	159,000
Adjustments in respect of previous periods	(21,070)	1,922
	<u>127,266</u>	<u>160,922</u>
Share of joint venture current tax	-	(424)
Total current tax	<u>127,266</u>	<u>160,498</u>
Deferred tax		
Origination and reversal of timing differences	3,727	959
Changes to tax rates	(1,718)	(9)
Adjustments in respect of previous periods	-	(1,750)
Total deferred tax	<u>2,009</u>	<u>(800)</u>
Taxation on profit on ordinary activities	<u>129,275</u>	<u>159,698</u>

CARGO MARKETING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	611,764	727,844
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	116,235	145,569
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	1,676	3,324
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	13,485	5,920
Capital allowances for year in excess of depreciation	(1,050)	4,731
Adjustments to tax charge in respect of prior periods	(21,070)	(317)
Adjustments in respect of joint ventures	15,268	(1,740)
Tax at different rates	(1,863)	831
Other adjustments	6,594	1,380
Total tax charge for the year	129,275	159,698

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

CARGO MARKETING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. Intangible assets

Group

**Goodwill
£**

Cost

At 1 April 2017

164,505

Disposals

(76,275)

At 31 March 2018

88,230

Amortisation

At 1 April 2017

101,512

Charge for the year

8,823

On disposals

(76,275)

At 31 March 2018

34,060

Net book value

At 31 March 2018

54,170

At 31 March 2017

62,993

Company

No intangible fixed assets are held by the company.

CARGO MARKETING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

12. Tangible fixed assets

Group

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 April 2017	934,416	206,570	-	145,755	582,339	1,869,080
Additions	1,001	319,389	50,495	20,144	13,972	405,001
Disposals	-	(28,069)	-	-	-	(28,069)
At 31 March 2018	<u>935,417</u>	<u>497,890</u>	<u>50,495</u>	<u>165,899</u>	<u>596,311</u>	<u>2,246,012</u>
Depreciation						
At 1 April 2017	231,608	48,819	-	119,363	515,641	915,431
Charge for the year	18,365	22,152	1,010	9,943	29,587	81,057
Disposals	-	(4,579)	-	-	-	(4,579)
At 31 March 2018	<u>249,973</u>	<u>66,392</u>	<u>1,010</u>	<u>129,306</u>	<u>545,228</u>	<u>991,909</u>
Net book value						
At 31 March 2018	<u>685,444</u>	<u>431,498</u>	<u>49,485</u>	<u>36,593</u>	<u>51,083</u>	<u>1,254,103</u>
At 31 March 2017	<u>702,808</u>	<u>157,751</u>	<u>-</u>	<u>26,392</u>	<u>66,698</u>	<u>953,649</u>

Included within freehold land and buildings is freehold land of £200,000 (2017 - 200,000) which is not depreciated.

CARGO MARKETING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

12. Tangible fixed assets (continued)

Company

	Freehold land and buildings £	Motor vehicles £	Equipment, fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 April 2017	934,416	-	122,232	551,964	1,608,612
Additions	1,001	50,495	16,186	4,235	71,917
At 31 March 2018	<u>935,417</u>	<u>50,495</u>	<u>138,418</u>	<u>556,199</u>	<u>1,680,529</u>
Depreciation					
At 1 April 2017	231,608	-	99,747	502,809	834,164
Charge for the year	18,365	1,010	8,150	21,684	49,209
At 31 March 2018	<u>249,973</u>	<u>1,010</u>	<u>107,897</u>	<u>524,493</u>	<u>883,373</u>
Net book value					
At 31 March 2018	<u><u>685,444</u></u>	<u><u>49,485</u></u>	<u><u>30,521</u></u>	<u><u>31,706</u></u>	<u><u>797,156</u></u>
At 31 March 2017	<u><u>702,808</u></u>	<u><u>-</u></u>	<u><u>22,485</u></u>	<u><u>49,155</u></u>	<u><u>774,448</u></u>

Included within freehold land and buildings is freehold land of £200,000 (2017 - 200,000) which is not depreciated.

CARGO MARKETING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

13. Fixed asset investments

Group

	Unlisted investments £	Investment in joint ventures £	Total £
Cost or valuation			
At 1 April 2017	240,000	417,356	657,356
Disposals	-	(417,356)	(417,356)
At 31 March 2018	<u>240,000</u>	<u>-</u>	<u>240,000</u>
Net book value			
At 31 March 2018	<u>240,000</u>	<u>-</u>	<u>240,000</u>
At 31 March 2017	<u>240,000</u>	<u>417,356</u>	<u>657,356</u>

The directors do not consider the market value of unlisted investments to be materially different from the carrying value as at 31 March 2018.

Company

	Investments in group companies £	Unlisted investments £	Loans to subsidiaries £	Investment in joint ventures £	Total £
Cost or valuation					
At 1 April 2017	373,288	240,000	(69,999)	337,000	880,289
Disposals	-	-	-	(337,000)	(337,000)
At 31 March 2018	<u>373,288</u>	<u>240,000</u>	<u>(69,999)</u>	<u>-</u>	<u>543,289</u>
Net book value					
At 31 March 2018	<u>373,288</u>	<u>240,000</u>	<u>(69,999)</u>	<u>-</u>	<u>543,289</u>
At 31 March 2017	<u>373,288</u>	<u>240,000</u>	<u>(69,999)</u>	<u>337,000</u>	<u>880,289</u>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

14. Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Cargo Marketing (London) Limited	Ordinary	100 %	Dormant
Cargotrans Limited	Ordinary	100 %	Dormant
Cargo Marketing Services LLC	Ordinary	100 %	Dormant
North Star Cargo Services Limited	Ordinary	100 %	Dormant
Auto Box Logistics Limited	Ordinary	100 %	Freight forwarding services
Maritime Service Line UK Limited	Ordinary	75 %	Freight forwarding services

All subsidiaries are incorporated in England & Wales and are domiciled in England with the exception of Cargo Marketing Services LLC which is incorporated and domiciled in the USA.

Auto Box Logistics Limited is exempt from audit by virtue of s479A of the companies Act 2008.

The registered office address for the above UK subsidiaries is Ocean House, Marston Park, Tamworth, Staffordshire, B78 3HU.

During the year the disposed of its shareholding in King International Shipping Services Limited for a consideration of £340,206.

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

15. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	5,753,209	4,225,659	3,761,735	3,466,417
Amounts owed by group undertakings	-	-	889,329	368,485
Amounts owed by joint ventures	-	613	-	613
Other debtors	807,951	379,740	216,324	169,439
Directors' loan accounts	36,964	8,127	36,964	8,127
Prepayments and accrued income	84,948	90,726	76,067	84,940
Deferred taxation	-	-	-	895
	6,683,072	4,704,865	4,980,419	4,098,916

16. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	2,825,378	2,465,084	2,148,804	1,808,812

17. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	4,338,464	3,040,395	2,736,491	2,489,780
Corporation tax	125,199	135,905	97,554	52,905
Other taxation and social security	124,248	124,780	112,252	116,198
Other creditors	138,349	71,504	77,363	61,125
Accruals and deferred income	1,205,538	830,938	860,439	706,863
	5,931,798	4,203,522	3,884,099	3,426,871

CARGO MARKETING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

18. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	(31,401)	(32,201)
Charged to profit or loss	(2,009)	800
At end of year	(33,410)	(31,401)

Company

	2018 £	2017 £
At beginning of year	895	1,226
Charged to profit or loss	(2,756)	(331)
At end of year	(1,861)	895

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Accelerated capital allowances	(36,797)	(35,386)	(5,248)	(3,090)
Short term timing differences	3,387	3,985	3,387	3,985
	(33,410)	<i>(31,401)</i>	(1,861)	<i>895</i>

CARGO MARKETING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Financial assets measured at fair value through profit or loss	3,065,378	2,705,084	2,388,804	2,048,812
Financial assets that are debt instruments measured at amortised cost	6,494,547	4,614,139	4,800,775	4,013,081
	<u>9,559,925</u>	<u>7,319,223</u>	<u>7,189,579</u>	<u>6,061,893</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(5,682,352)	(3,881,893)	(3,674,294)	(3,257,769)

Financial assets measured at fair value through profit or loss comprise cash held at bank and in hand and unlisted investments.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors, amounts owed from group and directors' loan accounts.

Financial Liabilities measured at amortised cost comprise bank loans and overdrafts, trade and other creditors and accruals.

20. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
450,900 (2017 - 450,900) Ordinary shares shares of £1.00 each	<u>450,900</u>	<u>450,900</u>

21. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve

The reserve records the nominal value of shares repurchased by the company.

Profit and loss account

Profit and loss account reserve relates to accumulated profits less distributions to shareholders.

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £146,093 (2017 - £144,623). Contributions totalling £13,711 (2017 - £13,344) were payable to the fund at the balance sheet date and are included within creditors.

23. Commitments under operating leases

At 31 March 2018 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Land and buildings				
Not later than 1 year	76,022	95,340	59,852	78,900
Later than 1 year and not later than 5 years	116,910	223,000	105,950	195,600
	<u>192,932</u>	<u>318,340</u>	<u>165,802</u>	<u>274,500</u>

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Other Leases				
Not later than 1 year	58,298	53,571	50,701	49,213
Later than 1 year and not later than 5 years	42,081	41,448	37,281	41,448
	<u>100,379</u>	<u>95,019</u>	<u>87,982</u>	<u>90,661</u>

24. Transactions with directors

	Mr M R Frearson £	Mrs T L Bennett £	Total £
Opening balance	7,771	356	8,127
Settlement of personal liabilities	16,077	36,000	52,077
Repayments	(14,000)	(9,240)	(23,240)
Closing balance	<u>9,848</u>	<u>27,116</u>	<u>36,964</u>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

25. Related party transactions

Ultimate controlling entity

The group is controlled by Mr D G Horwell who owns 94.42% of the issued share capital of the parent company, Cargo Marketing Services Limited.

Related party transactions

The services of the majority shareholder Mr D G Horwell are provided through Cargo International Marketing Services Limited. During the year the company incurred consultancy fees totalling £658,455 (2017 - £322,855).

During the year key management personnel received remuneration, including pensions contributions, of £846,470 (2017 - £781,936).

26. Post balance sheet events

On 1 June 2018 the company purchased 60% of the ordinary share capital of International Cargo Centre Limited for consideration of £85,000.