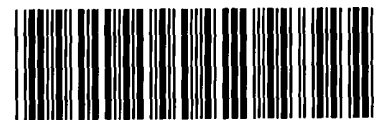


Seko Omni-Channel Logistics Limited
Annual report and financial statements
For the year ended 31 December 2016

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Company information

Directors	K O'Brien J Warman M White
Registered number	08773821
Registered office	Tower Bridge House St Katharine's Way London E1W 1DD
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD

Strategic Report

The directors present their strategic report for Seko Omni-Channel Logistics Limited ("the company") for the year ended 31 December 2016.

Principal activity

Seko Omni-Channel Logistics Limited are a leading provider of customer focused supply chain management solutions.

Review of business

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross profit, operating loss and loss before tax.

	2016	2015
	£	£
Turnover	13,023,542	9,522,917
Gross profit	2,753,500	1,541,737
Operating loss	(335,553)	(1,319,078)
Loss before tax	(336,284)	(1,319,078)

2015 was the first full year of operation for the site at Milton Keynes, given this was a start-up business on a significant scale losses were expected in the 1st year of operation.

The group has invested in the management team, process improvements and attracted a strong customer base for this operation.

In 2016 the business has grown turnover by 37% and managed costs effectively, which has significantly reduced the annual loss. The business delivered an operating profit of £180k for the second half of 2016. The expectation for 2017 will be to continue to grow the revenue and deliver an operating profit in excess of £100k for the full year.

The company's accounts are denominated in Sterling, however sales and purchases are billed in Sterling, US Dollar and Euros. The company is therefore exposed to the movement in exchange rates on sales and purchases that are denominated in a currency other than Sterling.

Principal risks and uncertainties

The company's activities expose it to a variety of financial risks – market risk (including currency risk and interest rate risk) and credit risk. The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's performance.

Competitive pressures and current economic climate in the market are a continuing risk to the company, which could result in price reductions. The company manages this risk by providing and implementing innovative new services together with greater value added services to its key clients and by maintaining strong relationships with customers.

Market risk

The company's sales are primarily denominated in Sterling. However some accounts are billed in US Dollar and Euro and so the company is therefore exposed to the movement in exchange rates on sales and purchases that are denominated in other currency. This risk is assessed on an ongoing basis. The company does not use derivative financial instruments to manage currency exposure and, as such, no hedge accounting is applied.

Strategic Report

The company's has no external borrowings and thus interest rate risk is low.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit checks are performed on all customers requiring credit. The receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

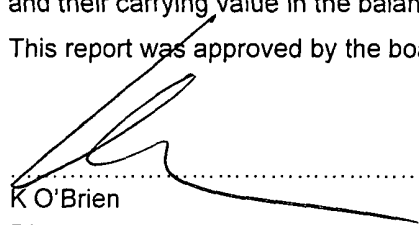
Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. We aim to mitigate liquidity risk by managing cash generation by our operations and applying cash collection targets.

Fair value

There is no material difference between the fair value of the company's financial assets and liabilities and their carrying value in the balance sheet.

This report was approved by the board on 11 August 2017 and signed on its behalf:



.....
K O'Brien
Director

Directors' Report

The directors present their report and the audited financial statements for Seko Omni-Channel Logistics Limited ("company") for the year ended 31 December 2016.

As permitted by section 414C (11) of the Companies Act 2006, the directors have included a review of the business including future developments, employee information and principle risks and uncertainties in the Strategic report rather than this report.

Dividends

The directors do not recommend the payment of a dividend.

Future developments

The directors do not foresee any material changes in the continuing operations of the business.

Events after the reporting period

Information relating to the events since the end of the reporting period are included in note 18.

Directors

The directors who served during the year were:

K O'Brien
J Warman (resigned 31 August 2016)
M White

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employees' involvement

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and in various factors affecting the performance of the Company. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

Directors' responsibilities statement

The directors are responsible for preparing 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' 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 company and the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Directors' Report (continued)

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that 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's auditor is aware of that information.

Going concern

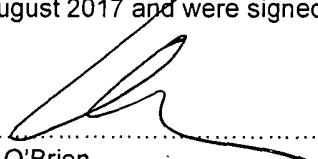
The company's activities, together with the factors likely to affect its future development, performance and position are set out in the applicable sections of the directors' report above. The financial position of the company, its liquidity position and its cash flows are reflected in the balance sheet.

The directors have received confirmation from the parent company that it will continue to support the company for at least one year from the date of signing the balance sheet. Accordingly the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Auditor

During the year, Mazars LLP was appointed as auditor in accordance with Section 485 of the Companies Act 2006, and will be proposed for reappointment at the forthcoming Annual General Meeting.

These financial statements were approved and authorised for issue by the Board of Directors on 11 August 2017 and were signed on its behalf by:



.....
K O'Brien
Director

Independent auditor's report to the shareholders of Seko Omni-Channel Logistics Limited

We have audited the financial statements of Seko Omni-Channel Logistics Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on pages 4 to 5, 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. 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.

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.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

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

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

Independent auditor's report to the shareholders of Seko Omni-Channel Logistics Limited (continued)

Matters on which we are required to report by exception

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

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

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



Robert Neate (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

18 August 2017

Statement of Comprehensive Income

For the year ended 31 December 2016

	Note	2016 £	2015 £
Continuing operations			
Turnover	4	13,023,542	9,522,917
Cost of sales		(10,270,042)	(7,981,180)
Gross profit		2,753,500	1,541,737
Administrative expenses		(3,089,053)	(2,860,815)
Operating loss		(335,553)	(1,319,078)
Interest payable and similar charges		(731)	-
Loss on ordinary activities before taxation	5	(336,284)	(1,319,078)
Taxation	7	14,725	(29,795)
Loss for the year attributable to owners of the company		(321,559)	(1,348,873)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to owners of the company		(321,559)	(1,348,873)

The notes on pages 11 to 22 are an integral part of these financial statements.

Balance Sheet

As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	8	778,637	745,542
Current assets			
Debtors	9	2,492,689	3,111,010
		<u>2,492,689</u>	<u>3,111,010</u>
Creditors: amounts falling due within one year	10	<u>(4,880,455)</u>	<u>(5,114,008)</u>
Net current liabilities		<u>(2,387,766)</u>	<u>(2,002,998)</u>
Total assets less current liabilities		<u>(1,609,129)</u>	<u>(1,257,456)</u>
Provision for liabilities			
Deferred tax	11	(60,303)	(90,417)
Net liabilities		<u>(1,669,432)</u>	<u>(1,347,873)</u>
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account		(1,670,432)	(1,348,873)
Total shareholders' equity		<u>(1,669,432)</u>	<u>(1,347,873)</u>

These financial statements were approved and authorised for issue by the Board of Directors on 11 August 2017 and were signed on its behalf by:



K O'Brien
Director

The notes on pages 11 to 22 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2016

	Note	Called up share capital £	Profit and loss account £	Total shareholders' equity £
At 1 January 2015		1,000	-	1,000
Loss for the year		-	(1,348,873)	(1,348,873)
Other comprehensive income		-	-	-
Total comprehensive loss		-	(1,348,873)	(1,348,873)
At 31 December 2015		1,000	(1,348,873)	(1,347,873)
Loss for the year		-	(321,559)	(321,559)
Other comprehensive income		-	-	-
Total comprehensive loss		-	(321,559)	(321,599)
At 31 December 2016		1,000	(1,670,432)	(1,669,432)

Reserves

Profit and loss account

This reserve represents cumulative profits and losses of the company.

The notes on pages 11 to 22 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2016

1 General information

Seko Omni-Channel Logistics Limited ("the company") is a limited company incorporated in the United Kingdom. The address of its registered office is Tower Bridge House, St Katharine's Way, London, E1W 1DD and the principal place of business is Birch House, Fairfield Avenue, Staines upon Thames, England, TW18 4AB.

The principal activity of the company is that of providing customer focused warehousing solutions.

These financial statements have been presented in Pounds Sterling as this is the company's functional currency, being the currency of the primary economic environment in which the company operates.

2 Accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and applicable legislation as set out in the Companies Act 2006 and Schedule 1 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical costs convention.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. The company is included in the consolidated financial statements of its parent undertaking, Seko Logistics Group Limited. Note 17 provides details of where those consolidated financial statements may be obtained from.

In preparing these financial statements, the company has taken advantage of the following exemptions:

- I. from presenting a statement of cash flows, as required by Section 7 'Statement of Cash Flows';
- II. from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 'Related Party Disclosures'; and
- III. from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 'Statement of Financial Position'.

On the basis that equivalent disclosures are given in the consolidated financial statements, the company has also taken advantage of the exemption not to provide certain disclosure requirements of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues'.

Notes to the Financial Statements

For the year ended 31 December 2016

2 Accounting policies (continued)

2.2 Going concern

The company's activities, together with the factors likely to affect its future development, performance and position are set out in the applicable sections of the directors' report above. The financial position of the company, its liquidity position and its cash flows are reflected in the balance sheet.

The directors have received confirmation from the parent company that it will continue to support the company for at least one year from the date of signing the balance sheet. Accordingly the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for the rendering of services in the normal course of business, net of discounts and other sales-related taxes.

Revenue from warehousing and distribution services

Revenue is recognised from the provision of warehousing and distribution services over the period in which the services are provided.

2.4 Taxation

Tax expense for the year comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the year ended 31 December 2016

2 Accounting policies (continued)

2.5 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Transactions in foreign currencies are translated into the functional currency at the rate of exchange ruling at the date of transaction. Exchange differences resulting from the settlement of transactions and from the translation at the reporting date of monetary assets and liabilities are reported in profit or loss.

2.6 Tangible fixed assets

Tangible fixed assets are initially recognised at cost, which is the purchase price plus any directly attributable costs, and subsequently they are measured at cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to allocate the cost, less its estimated residual value, over its estimated useful life as follows:

Computer equipment	- 33% on cost
Furniture and fittings	- 25% on reducing balance

Tangible fixed assets are tested for impairment where indication of impairment exists at the reporting date.

2.7 Impairment of assets

At each reporting date, the company reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset.

The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount an impairment loss is recognised immediately in profit or loss.

An impairment loss recognised for all assets is reversed in a subsequent year if, and only if, the reasons for the impairment loss have ceased to apply.

2.8 Financial instruments

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. The company holds only basic financial instruments, which comprise cash and cash equivalents, trade and other debtors and trade and other creditors. The company has chosen to apply the measurement and recognition provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' in full.

Notes to the Financial Statements

For the year ended 31 December 2016

2 Accounting policies (continued)

Financial assets – classified as basic financial instruments

(i) Trade and other debtors

Trade and other debtors are initially recognised at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

At the end of each reporting year, the company assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in profit or loss.

Financial liabilities – classified as basic financial instruments

(i) Trade and other creditors

Trade and other creditors are initially measured at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

2.9 Post-retirement benefits

The company operates a defined contribution pension plan for its employees.

Contributions payable to the company's pension scheme are charged to profit or loss in the period to which the contributions relate.

2.10 Leases

Operating lease rentals are charged to profit or loss on a straight line basis over the period of the lease term.

Benefits receivable as operating lease incentives are recognised within profit or loss on a straight line basis over the lease term.

Notes to the Financial Statements

For the year ended 31 December 2016

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

3.1 Critical judgements in applying the company's accounting policies

The critical judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(ii) Recoverability of debtors

The company establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability the directors have considered factors such as the aging of the debtors, past experience of recoverability, and the credit profile of individual or groups of customers.

Notes to the Financial Statements

For the year ended 31 December 2016

4 Turnover

Turnover is attributable to the company's principal activity being the provision of warehousing, transportation and logistics, forwarding services.

An analysis of the company's turnover by category is as follows:

	2016	2015
	£	£
Provision of services	<u>13,023,542</u>	<u>9,522,917</u>

An analysis of the group's turnover by geographical market is as follows:

	2016	2015
	£	£
United Kingdom	10,330,298	8,593,989
Europe	2,556,268	717,046
United States of America	14,195	112,567
Asia	2,612	15,133
Middle East	-	83
Australia and New Zealand	120,169	84,099
	<u>13,023,542</u>	<u>9,522,917</u>

5 Operating profit

Operating profit is stated after charging/(crediting):

	2016	2015
	£	£
Depreciation of tangible fixed assets (note 8)	244,534	174,765
Operating lease expenses – office rent	824,437	764,742
Auditor's remuneration	6,169	7,500
Other non-audit services	3,648	4,375
Foreign exchange losses/(gains)	79,816	(4,381)
Staff costs (note 6)	<u>2,396,528</u>	<u>1,976,754</u>

6 Employee information

	2016	2015
	£	£
Wages and salaries	2,192,514	1,811,803
Social security costs	180,907	150,965
Other pension costs	23,107	13,986
	<u>2,396,528</u>	<u>1,976,754</u>

Notes to the Financial Statements

For the year ended 31 December 2016

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

	2016 No.	2015 No.
Corporate and accounts	15	18
Operations	74	51
	<u>89</u>	<u>69</u>

Directors' remuneration

	2016 £	2015 £
Emoluments	46,772	137,571
Pension scheme contributions	1,403	2,007
	<u>48,175</u>	<u>139,578</u>

Certain directors of the company are remunerated by another entity within the group, Seko Logistics (London) Limited, as they are also directors of that entity. There is no allocation of their remuneration to the company for their services to the company. Their remuneration is disclosed within the Seko Logistics (London) Limited financial statements.

The number of directors to whom retirement benefits were accruing was as follows:

	2016	2015
Money purchase scheme	<u>2</u>	<u>2</u>

7 Taxation

(a) Analysis of tax charge in profit or loss

	2016 £	2015 £
Current tax		
UK corporation tax	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(21,029)	29,795
Adjustments in respect of prior periods	8,428	-
Effect of tax rate change on opening balance	(2,124)	-
Total deferred tax	<u>(14,725)</u>	<u>29,795</u>
Total tax	<u>(14,725)</u>	<u>29,795</u>

Notes to the Financial Statements

For the year ended 31 December 2016

(b) Factors affecting tax charge for the year

Tax on profit on ordinary activities for the year is higher (2015: higher) than the standard rate of corporation tax in the UK of 20% (2015: 20%). The differences are reconciled below:

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>(336,284)</u>	<u>(1,319,078)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20%)	(67,257)	(267,113)
Expenses not deductible for tax purposes	1,061	875
Fixed asset differences	-	56,471
Group relief surrender	41,455	242,772
Adjust closing deferred tax to average rate of 20%	(2,660)	(3,718)
Adjust opening deferred tax to average rate of 20%	4,247	-
Adjustments to tax change in respect of previous periods	8,428	-
Other tax adjustments, relief and transfers	1	508
Total tax	<u><u>(14,725)</u></u>	<u><u>29,795</u></u>

(c) Factors affecting the future tax charge

The UK corporation tax rate will decrease from 20% to 19% from 1 April 2017 and will decrease further to 17% from 1 April 2020. As the rate changes were not substantively enacted by the balance sheet date, the rate change has not been reflected in these financial statements. Deferred tax balances at the reporting date are measured at 19% (2015: 19%).

Notes to the Financial Statements

For the year ended 31 December 2016

8 Tangible fixed assets

	Computer equipment £	Fixtures and fitting £	Total £
Cost			
At 1 January 2016	141,555	778,752	920,307
Additions	112,467	165,162	277,629
At 31 December 2016	<u>254,022</u>	<u>943,914</u>	<u>1,197,936</u>
Depreciation			
At 1 January 2016	20,974	153,791	174,765
Depreciation charge	61,569	182,965	244,534
At 31 December 2016	<u>82,543</u>	<u>336,756</u>	<u>419,299</u>
Carrying value			
At 31 December 2016	<u>171,479</u>	<u>607,158</u>	<u>778,637</u>
At 31 December 2015	<u>120,581</u>	<u>624,961</u>	<u>745,542</u>

9 Debtors

	2016 £	2015 £
Trade debtors	1,967,997	2,395,879
Prepayments and accrued income	350,544	327,577
Amounts owed from group undertakings	-	325,932
Amounts owed from controlling party	1,000	1,000
VAT	127,915	-
Deferred tax asset (note 11)	45,233	60,622
	<u>2,492,689</u>	<u>3,111,010</u>

10 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,516,397	462,724
Accrued expenses	1,165,997	1,741,370
Social security	57,465	58,091
Amounts due to group undertakings	2,052,409	2,716,182
Amounts due to entities under control of key management personnel	18,397	8,564
Other creditors	69,790	127,077
	<u>4,880,455</u>	<u>5,114,008</u>

Notes to the Financial Statements

For the year ended 31 December 2016

11 Deferred taxation

	Capital allowances £
At 1 January 2016	(29,795)
Charged to profit or loss	14,725
At 31 December 2016	<u>(15,070)</u>
Net deferred tax liability	<u>(15,070)</u>
Comprising of:	
Deferred tax assets (note 9)	45,233
Deferred tax liabilities	(60,303)
	<u>(15,070)</u>

The company has recognised deferred tax assets in respect of all deductible timing differences. There are no amounts unrecognised (2015: £nil). These timing differences are recognised as a deferred asset on the grounds that there is sufficient evidence that the asset will be reversible against suitable future profits.

12 Called up share capital

	2016 £	2015 £
Allotted, called-up and not fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

The company has one class of ordinary shares; each share carries one voting right per share but no right to fixed income.

13 Post-retirement benefits

The company operates a defined contribution pension plan for its employees. The assets of the scheme are held separately from those of the company in an independent administered fund. The pension cost charged represents contributions payable by the company to the scheme and amounted to £23,107 (2015: £13,986). Contributions amounting to £6,023 (2015: £7,352) were outstanding at the reporting date and are included within creditors.

Notes to the Financial Statements

For the year ended 31 December 2016

14 Operating lease commitments

At the reporting date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating lease arrangements in respect of office rent as follows:

	2016	2015
	£	£
Not later than one year	888,919	888,919
Later than one year and not later than five years	3,555,676	3,555,676
Later than five years	2,839,670	3,728,589
	<u>7,284,265</u>	<u>8,173,184</u>

15 Off balance sheet arrangements

The company has not entered into any off balance sheet arrangements.

16 Related party transactions

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

	2016	2015
	£	£
Transactions with group undertakings		
Services rendered (by) group undertakings	(279,896)	(200,803)
Services rendered to group undertakings	<u>2,089,575</u>	<u>1,638,919</u>

At 31 December 2016 the following balances were owed by/(to) related parties

	2016	2015
	£	£
Amount due (to)/from group undertakings		
Included within creditors	(2,052,409)	(2,716,182)
Included within debtors	<u>-</u>	<u>325,932</u>
Amount due (to)/from entities under control of key management personnel		
Included within creditors	<u>(18,397)</u>	<u>(8,564)</u>

The intercompany loan account included within debtors comprises of debtors receipts and creditors and expense payments made to (on behalf) of the company by the intercompany entity. The net movement in the year was (£629,882) (2015: £3,228,036).

Amount due (to)/from controlling party

Unpaid share capital	<u>1,000</u>	<u>1,000</u>
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Notes to the Financial Statements

For the year ended 31 December 2016

17 Parent undertaking and ultimate controlling party

The ultimate parent company is Seko Global Logistics Network, LLC (SGLN) and Subsidiaries, a company incorporated in the United States of America.

The results of the company are consolidated by the immediate parent company Seko Logistics Group Limited incorporated in England & Wales. The consolidated financial statements of Seko Logistics Group Limited are publicly available and may be obtained from Tower Bridge House, St Katharine's Way, London, United Kingdom, E1W 1DD.

18 Post balance sheet events

There are no post balance sheet events.