

Seko Omni-Channel Logistics Limited
Annual report and financial statements
For the year ended 31 December 2017

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Contents

Company Information	1
Strategic Report	2 - 3
Directors' Report	4 – 5
Independent Auditor's Report	6 – 8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 – 23

Company information

Directors	K O'Brien 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 2017.

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.

	2017	2016
	£	£
Turnover	17,293,734	13,023,542
Gross profit	3,200,696	2,753,500
Operating profit/(loss)	40,308	(335,553)
Profit/(loss) before tax	36,951	(336,284)

2015 and 2016 were the first full years 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 and 2nd year of operation.

In 2017, the business has grown turnover by 33% and managed costs effectively, which enabled a profit being generated. The expectation for 2018 will be to continue to grow the revenue and to deliver a profit in excess of £400k for the full year.

Seko has a strong future growth plan and to support this, Seko continues to invest in our staff and further develop and support our IT systems. H1 results of 2018 have shown strong revenue growth of 21% and strong gross profit growth of 14%. The company is well positioned for strong expected growth over next 3 years.

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

Strategic Report

company does not use derivative financial instruments to manage currency exposure and, as such, no hedge accounting is applied.

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.

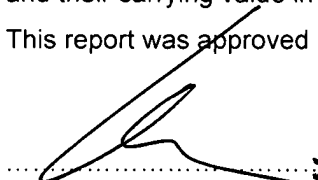
Liquidity risk

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 24 September 2018 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 2017.

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 19.

Directors

The directors who served during the year were:

K O'Brien
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.

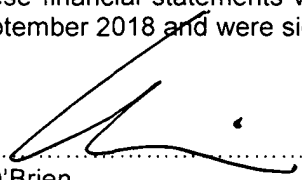
Going concern

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.

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 24 September 2018 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 (the 'company') for the year ended 31 December 2017 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit 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.

Basis for opinion

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

Use of the audit report

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements other than the financial statements and our auditor's 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

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

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the 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.

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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities set out on pages 4-5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

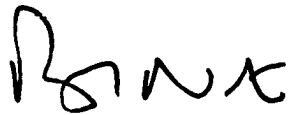
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company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

Auditor's responsibilities for the audit of the financial statements

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

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

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 auditor's report.



.....
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

25 September 2018

Statement of Comprehensive Income

For the year ended 31 December 2017

	Note	2017 £	2016 £
<i>Continuing operations</i>			
Turnover	4	17,293,734	13,023,542
Cost of sales		(14,093,038)	(10,270,042)
Gross profit		3,200,696	2,753,500
Administrative expenses		(3,160,388)	(3,089,053)
Operating profit/ (loss)		40,308	(335,553)
Interest payable and similar charges		(3,357)	(731)
Profit/ (loss) on ordinary activities before taxation	5	36,951	(336,284)
Taxation	7	(5,726)	14,725
Profit/ (loss) for the year attributable to owners of the company		31,225	(321,559)
Other comprehensive income		-	-
Total comprehensive income/ (loss) for the year attributable to owners of the company		31,225	(321,559)

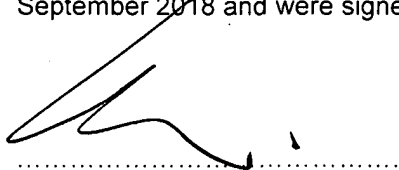
The notes on pages 12 to 23 are an integral part of these financial statements.

Balance Sheet

As at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	8	999,078	778,637
Intangible assets	9	532,792	-
Deferred tax assets		45,233	45,233
Current assets			
Debtors	10	9,434,118	2,447,456
		<u>9,434,118</u>	<u>2,492,689</u>
Creditors: amounts falling due within one year	11	(12,583,399)	(4,880,455)
Net current liabilities		(3,149,281)	(2,432,999)
Total assets less current liabilities		<u>(1,572,178)</u>	<u>(1,609,129)</u>
Provision for liabilities			
Deferred tax	12	(66,029)	(60,303)
Net assets		<u>(1,638,207)</u>	<u>(1,669,432)</u>
Capital and reserves			
Called up share capital	13	1,000	1,000
Profit and loss account		(1,639,207)	(1,670,432)
Total shareholders' equity		<u>(1,638,207)</u>	<u>(1,669,432)</u>

These financial statements were approved and authorised for issue by the Board of Directors on 24 September 2018 and were signed on its behalf by:



.....
K O'Brien
Director

The notes on pages 12 to 23 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2017

	Called up share capital £	Profit and loss account £	Total shareholders' equity £
At 1 January 2016	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)
Profit for the year	-	31,225	31,225
Other comprehensive income	-	-	-
Total comprehensive profit	-	31,225	31,225
At 31 December 2017	1,000	(1,639,207)	(1,638,207)

Reserves

Profit and loss account

This reserve represents cumulative profits and losses of the company.

The notes on pages 12 to 23 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2017

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 Gainsborough House, 50-60 Thames Street, Windsor, SL4 1TX.

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 18 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 2017

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.

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 2017

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	- straight line (*)

(*) Some asset classes within furniture & fixtures had been depreciated based on 25% reducing balance in 2016. Beginning from 1 January 2017, the Company has adopted a straight line depreciation policy for all asset classes.

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 2017

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 2017

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 2017

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:

	2017	2016
	£	£
Provision of services	<u>17,293,734</u>	<u>13,023,542</u>

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

	2017	2016
	£	£
United Kingdom	14,054,080	10,330,298
Europe	2,966,301	2,556,268
United States of America	131,485	14,195
Asia	14,443	2,612
Australia and New Zealand	127,425	120,169
	<u>17,293,734</u>	<u>13,023,542</u>

5 Operating profit

Operating profit is stated after charging/ (crediting):

	2017	2016
	£	£
Depreciation of tangible fixed assets (note 8)	226,290	244,534
Amortisation of intangible fixed assets (note 9)	32,208	-
Operating lease expenses – office rent	794,728	824,437
Auditor's remuneration	6,335	6,169
Other non-audit services	3,740	3,648
Foreign exchange losses	49,555	79,816
Staff costs (note 6)	<u>2,838,546</u>	<u>2,396,528</u>

6 Employee information

	2017	2016
	£	£
Wages and salaries	2,586,945	2,192,514
Social security costs	224,483	180,907
Other pension costs	27,118	23,107
	<u>2,838,546</u>	<u>2,396,528</u>

Notes to the Financial Statements

For the year ended 31 December 2017

6 Employee information (continued)

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

	2017 No.	2016 No.
Corporate and accounts	14	15
Operations	85	74
	<u>99</u>	<u>89</u>

Directors' remuneration

	2017 £	2016 £
Emoluments	-	46,772
Pension scheme contributions	-	1,403
	<u>-</u>	<u>48,175</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:

	2017	2016
Money purchase scheme	<u>-</u>	<u>2</u>

7 Taxation

(a) Analysis of tax charge in profit or loss

	2017 £	2016 £
Current tax		
UK corporation tax at 19.25% (PY: 20.00%)	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	7,071	(21,029)
Adjustments in respect of prior periods	(1,345)	8,428
Effect of tax rate change on opening balance	-	(2,124)
Total deferred tax	<u>5,726</u>	<u>(14,725)</u>
Total tax	<u>5,726</u>	<u>(14,725)</u>

Notes to the Financial Statements

For the year ended 31 December 2017

7 Taxation (continued)

(b) Factors affecting tax charge for the year

Tax on profit on ordinary activities for the year is lower (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are reconciled below:

	2017 £	2016 £
Profit/ (loss) on ordinary activities before taxation	<u>36,951</u>	<u>(336,284)</u>
Profit/ (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	7,113	(67,257)
Expenses not deductible for tax purposes	894	1,061
Group relief surrender	-	41,455
Adjust closing deferred tax to average rate of 19.25%	(2,748)	(2,660)
Adjust opening deferred tax to average rate of 19.25%	1,814	4,247
Adjustments to tax change in respect of previous periods	(1,345)	8,428
Other tax adjustments, relief and transfers	(2)	1
Total tax	<u><u>5,726</u></u>	<u><u>(14,725)</u></u>

(c) Factors affecting the future tax charge

The UK corporation tax rate has decreased 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 17% (2016: 19%).

Notes to the Financial Statements

For the year ended 31 December 2017

8 Tangible fixed assets

	Computer equipment £	Fixtures and fitting (*) £	Total £
Cost			
At 1 January 2017	254,022	943,914	1,197,936
Additions	67,081	379,650	446,731
At 31 December 2017	<u>321,103</u>	<u>1,323,564</u>	<u>1,644,667</u>
Depreciation			
At 1 January 2016	82,543	336,756	419,299
Depreciation charge	91,580	134,710	226,290
At 31 December 2017	<u>174,123</u>	<u>471,466</u>	<u>645,589</u>
Carrying value			
At 31 December 2017	<u>146,980</u>	<u>852,098</u>	<u>999,078</u>
At 31 December 2016	<u>171,479</u>	<u>607,158</u>	<u>778,637</u>

(*) Some asset classes within furniture & fixtures had been depreciated based on 25% reducing balance in 2016. Beginning from 1 January 2017, the Company has adopted a straight line depreciation policy for all asset classes.

9 Intangible assets

	Capitalised costs £
Cost	
At 1 January 2017	-
Additions	565,000
At 31 December 2017	<u>565,000</u>
Amortisation	
At 1 January 2017	-
Amortisation charge	32,208
At 31 December 2017	<u>32,208</u>
Carrying value	
At 31 December 2017	<u>532,792</u>
At 31 December 2016	<u>-</u>

Notes to the Financial Statements

For the year ended 31 December 2017

10 Debtors

	2017	2016
	£	£
Trade debtors	2,859,032	1,967,997
Prepayments and accrued income	347,660	350,544
Amounts owed from group undertakings	6,154,320	-
Amounts owed from controlling party	1,000	1,000
VAT	73,106	127,915
	<u>9,434,118</u>	<u>2,447,456</u>

11 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	1,698,358	1,516,397
Accrued expenses	1,410,543	1,165,997
Social security	72,045	57,465
Amounts due to group undertakings	9,201,958	2,052,409
Amounts due to entities under control of key management personnel	9,198	18,397
Other creditors	191,297	69,790
	<u>12,583,399</u>	<u>4,880,455</u>

12 Deferred taxation

	Capital allowances
	£
At 1 January 2017	(15,070)
Charged to profit or loss	(5,726)
At 31 December 2017	<u>(20,796)</u>
Net deferred tax liability	<u>(20,796)</u>
Comprising of:	
Deferred tax assets	-
Deferred tax liabilities (note 7)	(20,796)
	<u>(20,796)</u>

The company recognises deferred tax assets in respect of all deductible timing differences. There are no amounts unrecognised (2016: £nil). These timing differences are recognised as a deferred tax asset when there is sufficient evidence that the asset will be reversible against suitable future profits.

Notes to the Financial Statements

For the year ended 31 December 2017

13 Called up share capital

	2017 £	2016 £
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.

14 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 £27,118 (2016: £23,107). Contributions amounting to £7,430 (2016: £6,023) were outstanding at the reporting date and are included within creditors.

15 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:

	2017 £	2016 £
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	1,950,751	2,839,670
	<u>6,395,346</u>	<u>7,284,265</u>

16 Off balance sheet arrangements

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

17 Related party transactions

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

	2017	2016
Transactions with group undertakings	£	£
Services rendered (by) group undertakings	(487,004)	(279,896)
Services rendered to group undertakings	<u>573,483</u>	<u>2,089,575</u>

Notes to the Financial Statements

For the year ended 31 December 2017

17 Related party transactions (continued)

Transactions with entities under control of key management personnel	£	£
Development of intangible asset	<u>(565,000)</u>	<u>(790,000)</u>

At 31 December 2017 the following balances were owed by/ (to) related parties

	2017	2016
Amount due (to)/ from group undertakings	£	£
Included within creditors	(9,201,958)	(2,052,409)
Included within debtors	<u>6,154,320</u>	<u>-</u>

Amount due (to)/ from entities under control of key management personnel	£	£
Included within creditors	<u>(9,198)</u>	<u>(18,397)</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 £7,149,549 (2016: (£629,882)).

Amount due (to)/ from controlling party

Unpaid share capital	<u>1,000</u>	<u>1,000</u>
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18 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.

19 Post balance sheet events

There are no post balance sheet events.