Seko Omni-Channel Logistics Limited

Registered number: 08773821

Annual report

For the year ended 31 December 2018

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SEKO OMNI-CHANNEL LOGISTICS LIMITED

COMPANY INFORMATION

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

SEKO OMNI-CHANNEL LOGISTICS LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The directors present their strategic report for Seko Omni-Channel Logistics Limited (the "company") for the year ended 31 December 2018.

Principal activity

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

Business review

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 profit and loss before tax.

	2018	2017
	£	£
Turnover	18,820,243	17,293,734
Gross profit	3,640,993	3,200,696
Operating profit	312,680	40,308
Profit before tax	303,480	36,951

In 2018, the business has grown turnover by 9% and managed costs effectively, which has enabled business to grow profit before tax by over 700% vs 2017.

Seko has a strong future growth plan and to support this, Seko continues to invest in our staff and further developed and supported our IT systems. The expectation is that this investment will enable the labour to become even more efficient, which is key in a labour driven business, given the UK legislated increase in employer pension contributions and the UK minimum wage which continues to rise at a rate higher than that of UK inflation.

The expectation for 2019 will be to continue to grow the revenue, and increase cost efficiency to deliver a profit before tax in excess of £500k for the full year.

Q1 results of 2019 have shown strong revenue growth of 13% and strong gross profit growth of 14%. The company is well positioned for strong expected growth over next 5 years.

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 Dollars and Euros and so the company is therefore exposed to the movement in exchange rates on sales and purchases that are denominated in other currencies. 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.

The Company 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.

Risks arising from the possible withdrawal of the United Kingdom from the European Union

There remains significant uncertainty with respect to whether the UK will exit from the EU, under an agreed Withdrawal Agreement with the EU (a deal), or with no deal, so as to fall back to WTO terms of trade. There is also uncertainty as to timing, with the departure date having been deferred as at the date of this report. Under a deal scenario the UK is expected to continue to trade with Europe as now, whereas under a no deal scenario changes would be expected. Management have assessed the risk to the business in a no deal scenario. Whilst it is difficult to be certain, management believe that the impact of no deal should be limited. A substantial portion of Seko UK's business is outside of Europe, so would be unaffected. For business within Europe, the company's systems are already set up to deal with cross border customs and tariffs. In the opinion of management the risk, which is outside their control, is around border delays between the UK and Europe whilst the new regime settles in, combined with the general impact of a potential no deal scenario on the strength of the UK economy and activity levels of the company's customers. Any border delays are likely to be short term. Whilst a dampening of growth in the UK economy may be expected, it is not anticipated that this will be sufficient to create recession. With regard to currency fluctuations, the risks of a no deal have been largely priced in already, so should a deal be attained then it is reasonable to anticipate that the UK currency will strengthen.

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

K O'Brien
Director

Date: 16/8/19

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the audited financial statements for Seko Omni-Channel Logistics Limited (the "company") for the year ended 31 December 2018.

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £246,386 (2017: £31,225).

The directors do not recommend the payment of a dividend (2017: £nil).

Directors

The directors who served during the year and up to the date of this report were:

K O'Brien
M White

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company'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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Third party indemnities

Seko Logistics Group Limited has procured insurance to provide indemnity cover for all directors in respect of the cost of defending claims against them and third party liabilities. These are all third party indemnity provisions for the purpose of the Companies Act 2006 and are all currently in force.

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 1 to 3. These matters relate to the business review and future developments.

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.

Future developments

The Company does not foresee significant changes in trading levels or margins for the foreseeable future.

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 the director is aware, there is no relevant audit information of which the Company's auditor is 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's auditor is aware of that information.

Post balance sheet events

There were no significant events or transactions affecting the entity between the reporting date and the date of this report.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

These financial statements were approved and authorised by the Board of Directors and signed on its behalf by:

K O'Brien
Director

Date: 16/8/19

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SEKO OMNI-CHANNEL LOGISTICS LIMITED

Opinion

We have audited the financial statements of Seko Omni-Channel Logistics Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

Impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 3.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications for the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

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, 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 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 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.

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 the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SEKO OMNI-CHANNEL LOGISTICS LIMITED (CONTINUED)

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.

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

Date: 19 August 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover	4	18,820,243	17,293,734
Cost of sales		(15,179,252)	(14,093,038)
Gross profit		3,640,991	3,200,696
Administrative expenses		(3,328,312)	(3,160,388)
Operating profit	5	312,679	40,308
Interest payable and similar charges	8	(9,200)	(3,357)
Profit before taxation		303,479	36,951
Taxation	9	(57,093)	(5,726)
Profit for the financial year		246,386	31,225
Other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		246,386	31,225

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 13 to 29 form part of these financial statements.

SEKO OMNI-CHANNEL LOGISTICS LIMITED
REGISTERED NUMBER: 08773821

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note		2018 £		2017 £
Fixed assets					
Intangible assets	10		674,917		532,792
Tangible assets	11		760,051		999,078
			1,434,968		1,531,870
Deferred tax assets					
Deferred taxation	14		45,233		45,233
			1,480,201		1,577,103
Current assets					
Debtors	12	3,185,842		9,434,118	
		3,185,842		9,434,118	
Creditors: amounts falling due within one year	13	(5,975,026)		(12,583,399)	
Net current liabilities			(2,789,184)		(3,149,281)
Total assets less current liabilities			(1,308,983)		(1,572,178)
Provisions for liabilities					
Deferred tax		(82,838)		(66,029)	
			(82,838)		(66,029)
Net liabilities			(1,391,821)		(1,638,207)
Capital and reserves					
Called up share capital	15		1,000		1,000
Profit and loss account	16		(1,392,821)		(1,639,207)
Total shareholders' deficit			(1,391,821)		(1,638,207)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

K O'Brien
Director 16/8/19

The notes on pages 13 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Profit and loss account	Total shareholders' deficit
	£	£	£
At 1 January 2017	1,000	(1,670,432)	(1,669,432)
Comprehensive income for the year			
Profit for the year	-	31,225	31,225
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	31,225	31,225
At 1 January 2018	1,000	(1,639,207)	(1,638,207)
Comprehensive income for the year			
Profit for the year	-	246,386	246,386
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	246,386	246,386
At 31 December 2018	1,000	(1,392,821)	(1,391,821)

The notes on pages 13 to 29 form part of these financial statements.

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

1. General information

Seko Omni-Channel Logistics Limited (the "company") is a private company, limited by shares and incorporated in England and Wales. The address of its registered office is Tower Bridge House, St Katharine's Way, London, E1W 1DD and the principal place of business is Minton Place, Victoria St, Windsor, SL4 1EG.

The principal activity of the Company is that of providing customer focused supply chain management and logistics solutions.

These financial statements have been presented in Pounds Sterling and are rounded to the nearest pound, 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.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

The following principal accounting policies have been applied:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Seko Logistics Group Limited as at 31 December 2018 and these financial statements may be obtained from Tower Bridge House, St Katharine's Way, London E1W 1DD.

2. Accounting policies (continued)

2.3 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.

2.4 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.

2.5 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 operates and generates 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.

2. Accounting policies (continued)

2.6 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 Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'cost of sales'.

2.7 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined, which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation 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:

Fixtures and fittings	- 16.67% on cost
Computer equipment	- 33% on cost

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 Statement of Comprehensive Income.

2. Accounting policies (continued)

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Capitalised cost of computer software	-	10 % on cost

2.9 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.

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, 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. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow

2. Accounting policies (continued)

2.10 Financial instruments (continued)

discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Statement of Comprehensive Income.

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 determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income 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 Company in independently administered funds.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.13 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2. Accounting policies (continued)

3. Judgements in applying accounting policies 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 of 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.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Provision of services	18,820,243	17,293,734
	18,820,243	17,293,734

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

	2018 £	2017 £
United Kingdom	16,128,395	14,054,080
Europe	2,289,851	2,966,301
United States of America	270,841	131,485
Asia	100,764	14,443
Australia and New Zealand	30,392	127,425
	18,820,243	17,293,734

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	320,502	226,290
Amortisation of intangible fixed assets	67,875	32,208
Other operating lease rentals	794,640	794,728
Foreign exchange losses	7,212	49,555
Other pension costs	38,354	27,118

6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,305	6,335

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

7. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,766,425	2,586,945
Social security costs	252,368	224,483
Cost of defined contribution scheme	38,354	27,118
	3,057,147	2,838,546

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

	2018 No.	2017 No.
Corporate and accounts	11	14
Operations	92	85
	103	99

No directors received any remuneration from the company during the year (2017: £nil).

The directors fees for the current as wellas the previous year are borne by another group company.

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

8. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	7,947	2,104
Finance leases and hire purchase contracts	1,253	1,253
	9,200	3,357

9. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	40,284	-
	40,284	-
Total current tax	40,284	-
Deferred tax		
Origination and reversal of timing differences	16,325	7,071
Adjustments in respect of prior periods	484	(1,345)
Total deferred tax	16,809	5,726
Taxation on profit on ordinary activities	57,093	5,726

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	303,479	36,951
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	57,661	7,113
Effects of:		
Fixed asset timing differences	1,107	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	95	894
Adjust closing deferred tax to average rate of 19%/19.25%	(4,424)	(2,748)
Adjust opening deferred tax to average rate of 19%/19.25%	2,504	1,814
Adjustments to tax charge in respect of previous periods	-	(1,345)
Other tax adjustments, relief's and transfers	-	(2)
Adjustments to tax charge in respect of prior periods - deferred tax	484	-
Income not taxable for tax purposes	(334)	-
Total tax charge for the year	57,093	5,726

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% from 1 April 2020, was substantively enacted in September 2016.

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

10. Intangible assets

	Capitalised costs £
Cost	
At 1 January 2018	565,000
Additions	210,000
At 31 December 2018	775,000
Amortisation	
At 1 January 2018	32,208
Charge for the year	67,875
At 31 December 2018	100,083
Net book value	
At 31 December 2018	674,917
At 31 December 2017	532,792

11. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2018	1,323,564	321,103	1,644,667
Additions	67,425	14,050	81,475
At 31 December 2018	1,390,989	335,153	1,726,142
Depreciation			
At 1 January 2018	471,466	174,123	645,589
Charge for the year	230,770	89,732	320,502
At 31 December 2018	702,236	263,855	966,091
Net book value			
At 31 December 2018	688,753	71,298	760,051
At 31 December 2017	852,098	146,980	999,078

Finance leases

Depreciation charged on assets held on finance leases was £26,012 (2017: £23,075), and the net book value of assets held on finance leases at the reporting date was £43,699 (2017: £69,711).

The liability is included within the accounts of Seko Logistics (London) Limited.

12. Debtors

	2018 £	2017 £
Trade debtors	2,663,889	2,859,032
Amounts owed by group companies	161,505	6,153,320
Amounts owed by parent company	1,000	1,000
VAT repayable	-	73,106
Prepayments	359,448	347,660
	3,185,842	9,434,118

Amounts owed by group undertakings are unsecured, interest free and payable on demand.

13. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	2,247,105	1,698,358
Amounts due to group undertakings	2,631,204	9,201,958
Amount due to entities under the control of key management personnel	-	9,198
Corporation tax	40,284	-
Other taxation and social security	92,528	72,045
Other creditors	78,812	191,297
Accruals and deferred income	885,093	1,410,543
	5,975,026	12,583,399

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

14. Deferred taxation

	2018 £
At beginning of year	(20,796)
Charged to profit or loss	(16,809)
At end of year	(37,605)

14. Deferred taxation (continued)

The deferred tax balance is made up as follows:

	2018 £	2017 £
Deferred tax assets	45,233	45,233
Deferred tax provision	(82,838)	(66,029)
	(37,605)	(20,796)
Comprising:		
Asset - due within one year	45,233	45,233
Liability	(82,838)	(66,029)
	(37,605)	(20,796)

The company has recognised deferred tax assets in respect of all deductible timing differences. There are no amounts unrecognised (2017: £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.

15. Share capital

	2018 £	2017 £
Allotted, called up and not fully paid		
1,000 Ordinary shares of £1.00 each	1,000	1,000

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

16. Reserves

Profit and loss account

This reserve represents the cumulative profits and losses.

17. 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 £38,354 (2017: £27,118). Contributions totalling £1,614 (2017: £7,430) were payable to the fund at the balance sheet date and are included in creditors.

18. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	888,919	888,919
Later than 1 year and not later than 5 years	3,555,676	3,555,676
Later than 5 years	1,061,832	1,950,751
	5,506,427	6,395,346

19. Other financial commitments

On 13 July 2018 as security for its loans to the Company, the Company granted the Bank of Montreal a charge which was fixed over land and intellectual property both present and future, and floating over all assets and undertakings both present and future. The terms of the charge require that its validity shall continue until all liabilities secured by the charge have been satisfied.

20. Related party transactions

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

	2018 £	2017 £
Transactions with group undertakings		
Services rendered (by) group undertakings	(569,047)	(487,004)
Services rendered to group undertakings	1,184,917	573,483

	2018 £	2017 £
Transactions with entities under the control of key management personnel		
Development of intangible asset	(210,000)	(565,000)

Related party transactions (continued)

At 31 December 2018 the following balances were owed by/(to) related parties:

	2018 £	2017 £
Amount due (to)/from group undertakings		
Included within creditors	(2,631,205)	(9,201,958)
Included within debtors	161,505	6,154,320
	(2,469,700)	(3,047,638)

	2018 £	2017 £
Amount due (to)/from entities under control of key management personnel		
Included within creditors	(19,177)	(9,198)

	2018 £	2017 £
Amount due from controlling party		
Unpaid share capital	1,000	1,000

21. Post balance sheet events

There were no significant events or transactions affecting the entity between the reporting date and the date of this report.

22. 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..

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