

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2015
for
Charles Kendall Freight Limited**



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for the Year Ended 31 December 2015**

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Charles Kendall Freight Limited

**Company Information
for the Year Ended 31 December 2015**

DIRECTORS:

JM Kendall
MM Kendall
P Sunderland
P Bedford
SM Harris
IG Jenkins
M Frew
K Cheung

SECRETARY:

MC Bishop

REGISTERED OFFICE:

7 Albert Court
Prince Consort Road
London
SW7 2BJ

REGISTERED NUMBER:

00540121 (England and Wales)

SENIOR STATUTORY AUDITOR: Jonathan Vickery BA FCA

AUDITORS:

Roffe Swayne
Statutory Auditors & Chartered Accountants
Ashcombe Court
Woolsack Way
Godalming
Surrey
GU7 1LQ

**Strategic Report
for the Year Ended 31 December 2015**

The directors present their strategic report for the year ended 31 December 2015.

This strategic report presents an assessment of the development and performance of the company's business during 2015, its position at the year end and its prospects for the year ahead. The strategic report takes account of the non-complex nature of the business and the risks and uncertainties that the company faces.

REVIEW OF BUSINESS

The directors consider that the company's key financial indicators are those that communicate the financial performance and strengths of the company as a whole, these being the level of turnover, gross profit, gross profit percentage and net assets/shareholders' funds. The table below gives a summary of these key financial indicators for 2015 and 2014:

	2015 £	2014 £	% increase/ (decrease)
Turnover	20,762,967	21,601,122	(4%)
Gross profit	6,252,461	5,998,475	4%
Gross profit percentage	30%	28%	
Net assets/ shareholders' funds	3,667,975	3,591,193	2%

The company had a mixed 2015 but was able to increase its gross margin percentage to 30%, on a reduced level of turnover. In 2015 the company extended its European VAT and duty clearance service for a major international client which made a good contribution to turnover and gross profit. It also had a marked impact on the level of debtor and creditor balances during the year.

The level of net assets/shareholders' funds is important for the company as it is this measure that is often focussed on by clients as a sign of financial strength when the company tenders for new assignments and it is also pleasing to again report an improvement in this measure over the level reported for 2014. This, together with the net cash resources at its disposal, helped the company end 2015 in a stronger financial position.

PRINCIPAL RISKS AND UNCERTAINTIES

Looking forward to 2016, the business environment in which the company operates continues to be challenging with increasing competition coming from both larger corporates and smaller independent freight forwarders, with clients ever more focused on their own operational costs. Notwithstanding these concerns, there continue to be many opportunities for the company to offer added value services and to win new clients and assignments, for both import and export movements, particularly in the Middle East, the Far East, Europe and North America. Accordingly, the directors remain firmly focused on positioning the company so as to capitalise on these opportunities, but at the same time ensuring that existing clients are retained through the provision of a thoroughly professional first class service.

The directors consider that, in light of the current world economic conditions, 2016 will be another very challenging year for the company, but they are confident that the company will continue to perform well, subject to unforeseen events outside of their control.

THIS REPORT WAS APPROVED BY THE BOARD:



MC Bishop - Secretary

10 June 2016

**Report of the Directors
for the Year Ended 31 December 2015**

The directors present their report with the financial statements of the company for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of an international freight forwarder. With branch offices in the UK and the Middle East, the company achieves its income by charging its clients a fee for arranging the movement of goods around the world by either sea, air or road.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014 - £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

JM Kendall
MM Kendall
P Sunderland
P Bedford
SM Harris
IG Jenkins
M Frew

Other changes in directors holding office are as follows:

K Cheung - appointed 1 January 2015

DIRECTORS' INSURANCE

The ultimate parent undertaking, Charles Kendall Group Limited, maintains an insurance policy on behalf of all the directors against liability from negligence, breach of duty and breach of trust.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the strategic report, the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not have approved 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is appropriate 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 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.

**Report of the Directors
for the Year Ended 31 December 2015**

DISCLOSURE OF INFORMATION TO AUDITORS

The directors have discussed with the auditors, as part of the clearance and review process, the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

The discussion with the auditors also covered points arising from the work the auditors performed during their audit; and explanations were given where the auditors considered them necessary in order to provide them with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

As a result of these discussions, as far as each of the directors who held office at 10 June 2016 are aware:

- there is no relevant audit information (as defined by section 418(2) of the Companies Act 2006) of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

THIS REPORT WAS APPROVED BY THE BOARD:


MC Bishop - Secretary

10 June 2016

We have audited the financial statements of Charles Kendall Freight Limited for the year ended 31 December 2015 on pages seven to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2015 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



Jonathan Vickery BA FCA (Senior Statutory Auditor)
for and on behalf of Roffe Swayne
Statutory Auditors & Chartered Accountants
Ashcombe Court
Woolsack Way
Godalming
Surrey
GU7 1LQ

10 June 2016

**Statement of Comprehensive Income
for the Year Ended 31 December 2015**

	Notes	2015 £	2014 £
TURNOVER	2	20,762,967	21,601,122
Cost of sales		<u>(14,510,506)</u>	<u>(15,602,647)</u>
GROSS PROFIT		6,252,461	5,998,475
Administrative expenses		<u>(7,226,573)</u>	<u>(6,879,352)</u>
		(974,112)	(880,877)
Other operating income		<u>1,075,221</u>	<u>1,101,373</u>
OPERATING PROFIT	5	101,109	220,496
Interest payable and similar charges	6	<u>-</u>	<u>(103)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		101,109	220,393
Tax on profit on ordinary activities	7	<u>(24,327)</u>	<u>(50,943)</u>
PROFIT FOR THE FINANCIAL YEAR		76,782	169,450
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>76,782</u></u>	<u><u>169,450</u></u>

The notes on pages 10 to 19 form part of these financial statements

Balance Sheet
31 December 2015

	Notes	2015 £	2014 £
CURRENT ASSETS			
Debtors	8	12,791,537	14,340,063
Cash at bank		<u>6,470,299</u>	<u>3,629,250</u>
		19,261,836	17,969,313
CREDITORS			
Amounts falling due within one year	9	<u>15,593,861</u>	<u>14,378,120</u>
NET CURRENT ASSETS		<u>3,667,975</u>	<u>3,591,193</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,667,975</u>	<u>3,591,193</u>
CAPITAL AND RESERVES			
Called up share capital	12	1,700,000	1,700,000
Retained earnings	13	<u>1,967,975</u>	<u>1,891,193</u>
SHAREHOLDERS' FUNDS		<u>3,667,975</u>	<u>3,591,193</u>

The financial statements were approved by the Board of Directors on 10 June 2016 and were signed on its behalf by:


MM Kendall - Director

**Statement of Changes in Equity
for the Year Ended 31 December 2015**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2014	1,700,000	1,721,743	3,421,743
Changes in equity			
Total comprehensive income	-	169,450	169,450
Balance at 31 December 2014	<u>1,700,000</u>	<u>1,891,193</u>	<u>3,591,193</u>
Changes in equity			
Total comprehensive income	-	76,782	76,782
Balance at 31 December 2015	<u>1,700,000</u>	<u>1,967,975</u>	<u>3,667,975</u>

**Notes to the Financial Statements
for the Year Ended 31 December 2015**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The principal accounting policies adopted by the company are summarised below. They have all been applied consistently throughout the year and the preceding year.

Statement of compliance

Charles Kendall Freight Limited is a limited liability company incorporated in England. The Registered Office is 7 Albert Court, Prince Consort Road, London, SW7 2BJ. The nature of the company's operations and its principal activities are set out in the Directors' Report. The company's financial statements have been prepared in accordance with Financial Reporting Standard Number 102 (FRS 102), issued by the Financial Reporting Council.

Basis of preparation

The financial statements of Charles Kendall Freight Limited were approved for issue by the Board of Directors on 10 June 2016. The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with applicable accounting standards.

The functional currency of Charles Kendall Freight Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The financial statements are presented in pounds sterling.

Charles Kendall Freight Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect to the presentation of a cash flow statement and remuneration of key management personnel.

Related party exemption

The company is a related party with Charles Kendall Group Limited, its ultimate parent undertaking. As a wholly owned subsidiary, the company is taking advantage of the exemption, under the terms of FRS 102, from making further disclosure of transactions with Charles Kendall Group Limited, and its fellow subsidiary undertakings.

Revenue recognition

Revenue is recognised in the financial statements dependent upon the type of shipment. For imports, invoices are raised when the shipment has been delivered to or collected by the consignee. For exports and cross trades, invoices are raised when the shipment has been dispatched.

When work is carried out as a customs broker or advisor, the company earns an income by acting on behalf of customers to facilitate their trading activities, with the risks and rewards of those activities firmly remaining with the customers. For this type of work the income earned is invoiced when the service has been provided and accounted for as turnover.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

1. ACCOUNTING POLICIES - continued

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where 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, have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and total comprehensive income and its results as stated in the financial statements, that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Except that:

- a net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that had been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Profits or losses arising on foreign currencies are dealt with in the profit and loss account against the transactions to which they relate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Foreign currency fair value hedges arise where a hedge is purchased not for a single recognisable asset or liability but a position whose components include several assets and liability classes. Fair value hedges are valued at fair value with the profit or loss recognised in the profit and loss account.

Operating leases

Rentals payable under operating leases are charged to the income statement in the period to which they relate. Lease incentives are recognised over the lease term on a straight line basis.

Pensions

The group, of which the company is a subsidiary undertaking, operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with a maturity date of three months or less, net of outstanding bank overdrafts.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

1. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described above, the directors are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The following are the critical judgements, apart from those involving estimations, 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 financial statements:

Trade debtors

The company has a large exposure to international trade and therefore economic cycles beyond the ability of the management to control. In the current environment the largest risk is the corporate failures of its customers, and therefore their ability to pay their debts. The company's management mitigates this risk by liaising early with customers to understand their issues, especially over late payments, and the setting of appropriate credit limits. The company maintains a provision for bad debts to reflect the management judgement of the risk associated with the collectability of debtors.

Taxation

The company performs tax computations as accurately as possible to materially agree with the computations submitted to the tax authorities at a later date. There remains the possibility that audits by the tax authorities may disagree with an accounting treatment necessitating the revision of the provisions for taxation.

2. TURNOVER

Turnover represents the invoiced value of goods and services sold to third parties which fall within the company's ordinary activities, excluding value added tax and customs duty. An analysis of turnover as an international freight forwarder is as follows:

Turnover by activity		2015	2014
		£	£
Rendering of services		20,761,228	21,597,749
Interest receivable		1,739	3,373
		<u>20,762,967</u>	<u>21,601,122</u>
Turnover by geographical market		2015	2014
		£	£
United Kingdom		12,263,567	12,586,956
Middle East		4,666,896	5,041,051
North America		2,297,308	2,265,235
Asia		673,738	792,966
Europe		666,609	727,775
Rest of the World		194,849	187,139
		<u>20,762,967</u>	<u>21,601,122</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

3. STAFF COSTS

	2015 Number	2014 Number
Number of employees		
The average weekly number of persons, including directors, employed by the company during the year was:		
International freight forwarders	<u>105</u>	<u>107</u>
Staff costs	£	£
Wages and salaries	3,369,843	3,562,736
Social security	330,848	341,826
Other pension costs	<u>249,085</u>	<u>239,572</u>
	<u>3,949,776</u>	<u>4,144,134</u>

4. DIRECTORS' EMOLUMENTS

	2015 £	2014 £
Directors' remuneration	579,892	596,389
Directors' pension contributions to money purchase schemes	<u>54,950</u>	<u>53,583</u>

Information regarding the highest paid director is as follows:

	2015 £	2014 £
Emoluments etc	152,952	170,037
Pension contributions to money purchase schemes	<u>17,500</u>	<u>17,010</u>

Four of the directors are employed by a fellow subsidiary undertaking in which the full cost of their remuneration is disclosed. It is not practicable to allocate the directors' remuneration between group companies.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £	2014 £
Operating lease rentals		
- plant and equipment	265,094	149,912
Operating lease rentals		
- buildings	134,183	107,128
Auditors' remuneration - audit	23,250	21,000
Other non- audit services	2,140	3,850
Foreign exchange differences	<u>210,929</u>	<u>104,480</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Other interest paid	<u>-</u>	<u>103</u>

7. TAXATION

	2015	2014
	£	£
Current tax		
UK corporation tax at 20% (2014 - 21%)	23,326	49,524
Adjustment in respect of prior years	<u>(8)</u>	<u>-</u>
	<u>23,318</u>	<u>49,524</u>
Deferred tax		
Origination and reversal of timing differences	730	950
Effect of change in tax rates on opening asset	<u>279</u>	<u>469</u>
	<u>1,009</u>	<u>1,419</u>
Total	<u>24,327</u>	<u>50,943</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax as follows:

	2015	2014
	£	£
Profit on ordinary activities before taxation	<u>101,109</u>	<u>220,393</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2014 - 21%)	20,471	47,369
Effects of:		
Expenses not deductible for tax purposes	3,585	3,105
Adjustment in respect of previous periods	<u>271</u>	<u>469</u>
	<u>24,327</u>	<u>50,943</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Trade debtors	11,506,600	12,493,550
Amounts owed by group undertakings	490,431	1,108,239
Other debtors	338,111	302,175
Deferred tax asset	3,796	4,805
Prepayments and accrued income	<u>452,599</u>	<u>431,294</u>
	<u>12,791,537</u>	<u>14,340,063</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

DEFERRED TAX ASSET

	2015	2014
	£	£
Deferred tax		
Accelerated capital allowances	3,420	4,428
Other timing differences	<u>376</u>	<u>377</u>
	<u>3,796</u>	<u>4,805</u>
Movement during the year:		£
At 1 January 2015		4,805
Debited to profit and loss account		<u>(1,009)</u>
At 31 December 2015		<u>3,796</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Bank loans and overdrafts (see note 10)	-	573
Trade creditors	5,569,815	5,565,870
Amounts owed to group undertakings	9,922,464	8,719,743
Corporation tax	23,326	40,524
Other creditors	490	51,035
Accruals and deferred income	<u>77,766</u>	<u>375</u>
	<u>15,593,861</u>	<u>14,378,120</u>

10. LOANS

An analysis of the maturity of loans is given below:

	2015	2014
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>-</u>	<u>573</u>

11. LEASING AGREEMENTS

At 31 December 2015 the company had total future minimum rentals payable under non-cancellable operating leases as follows:

	2015	2014
	£	£
Buildings:		
Less than one year	56,244	56,244
Between one and five years	<u>77,862</u>	<u>134,106</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

12. CALLED UP SHARE CAPITAL

	2015		2014	
	Number	£	Number	£
Allotted, issued and fully paid ordinary shares of £1 each	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,700,000</u>

13. RETAINED EARNINGS

	£
At 1 January 2015	1,891,193
Profit for the year	<u>76,782</u>
At 31 December 2015	<u>1,967,975</u>

14. PENSION COMMITMENTS

The group, of which the company is a subsidiary undertaking, operates a defined contribution pension scheme. The assets of these schemes are held separately from those of the group in independently administered funds. Contributions payable by the company to the funds amounted to £249,085 (2014 - £239,572). There were no contributions payable to the plan at the year end.

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

	2015 Number	2014 Number
Money purchase schemes	<u>5</u>	<u>5</u>

15. CONTINGENT LIABILITIES

During the year, a fellow subsidiary undertaking obtained banking facilities for the company by providing an unlimited cross-guarantee to its bank. Prior to this arrangement the company had utilised a £750,000 (2014 - £750,000) facility guaranteed by the company's parent undertaking. The parent undertaking's guarantee has been cancelled.

At the year end the company had a bonds and guarantees facility with one bank amounting to £450,000 (2014 - £450,000). As at 31 December 2015 this facility was used by the company in respect of performance bonds for duty deferment in the ordinary course of business amounting to £827,500 (2014 - £827,500).

In addition, the company also has an AED 480,000 (2014 - AED 480,000) local bond banking facility in Dubai to cover non custom bonds and custom duty deferment obligations in the ordinary course of business in that territory. This facility is supported by a cash deposit of AED 680,000 (2014 - AED 680,000) from the company.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

16. FORWARD EXCHANGE CONTRACT

The following table details the forward foreign exchange currency contract outstanding at the year-end.

Outstanding contract	Exchange rate		Notional value		Fair value	
	2015	2014	2015	2014	2015	2014
Within 6 months						
Sell €4,000,000	1.36645	-	£2,927,293	-	£2,959,498	-

The company has an underlying working capital exposure to Euros of approximately €4,000,000, components of this exposure are included in trade debtors and creditors and cash held at banks. As the hedge has not been made for a specific recognised asset or liability it has been designated as a fair value hedge.

A loss of £32,205 was recognised as an exchange difference in the profit and loss for the year.

17. ULTIMATE CONTROLLING PARTY

The Directors regard Charles Kendall Group Limited, a Company registered in England and Wales, as the Company's Ultimate Parent Undertaking. The Directors of Charles Kendall Group Limited are the Ultimate Controlling Parties of the Company.

Charles Kendall Group Limited is the Parent Undertaking of the largest and smallest group of which the Company is a member and for which group financial statements are drawn up.

Copies of the group financial statements can be obtained from:

The Company Secretary
Charles Kendall Group Limited
7 Albert Court
Prince Consort Road
London
SW7 2BJ

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

18. FIRST YEAR ADOPTION

The company transitioned to FRS 102 from the previous extant UK GAAP as at 1 January 2014. The impact from the transition to FRS 102 was as follows:

Reconciliation of equity at 1 January 2014	£
Equity shareholders funds at 1 January under UK GAAP as previously reported	3,423,011
Other debtors - Bonds and Deposits	(1,652)
Deferred tax - Bonds and Deposits	384
Equity shareholders funds at 1 January 2014 under FRS 102	<u>3,421,743</u>
Reconciliation of equity at 31 December 2014	£
Equity shareholders funds at 31 December under UK GAAP as previously reported	3,592,571
Other debtors - Bonds and Deposits	(1,755)
Deferred tax - Bonds and Deposits	377
Equity shareholders funds at 31 December 2014 under FRS 102	<u>3,591,193</u>

Equity movements

The following change in accounting policies arose from the transition to FRS 102:

Financial instruments

The company is required to give guarantees and bonds issues by local banks to cover customs duties and other similar liabilities. The guarantees and bonds are covered by cash deposit held as security by the banks. These facilities typically renew automatically on an annual basis. The cash deposits can be interest bearing.

Under the previous UK GAAP, the cash deposits were held at original cost without revaluation.

Under FRS 102, the cash deposits are treated as financing transactions and measured at the present value of the future payments discounted at a market rate of interest.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

18. **FIRST YEAR ADOPTION - continued**

Reconciliation of income statement for the year end at 31 December 2014	£
Profit for the year ended 31 December 2014 under UK GAAP as reported previously	169,560
Administrative expenses - Bonds and deposits	(103)
Tax - Bonds and deposits	<u>(7)</u>
Profit for the year ended 31 December 2014 under FRS 102	<u>169,450</u>

Income movements

The following change in accounting policies arose from the transition to FRS 102:

Financial instruments

Under FRS 102, the cash deposits are treated as financing transactions and measured at the present value of the future payments discounted at a market rate of interest. The adjustment to the present value is written off to profit and loss account.

Transitional relief

The company has not taken advantage of any transitional reliefs on conversion to FRS 102.