

Salerno Holdings Limited

Annual report and consolidated financial statements
for the year ended 30 June 2017

Registered number: 09590377



Salerno Holdings Limited

Annual report and financial statements for the year ended 30 June 2017

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Salerno Holdings Limited

Directors and advisers for the year ended 30 June 2017

Directors

J J Mangan
B M Croghan
M Ponsonby
D J Ponsonby

Company secretary

J J Mangan

Registered office

6100 Knights Court
Solihull Parkway
Birmingham Business Park
Solihull
West Midlands
B37 7WY

Independent auditor

Mazars LLP
45 Church Street
Birmingham
B3 2RT

Bankers

Barclays Bank Plc
Barclays Business Centre
38 Hagley Road
Edgbaston
Birmingham
West Midlands
B16 8NY

Registered number
09590377

Salerno Holdings Limited

Strategic report for the year ended 30 June 2017

The Directors present their strategic report for the year ended 30 June 2017.

BUSINESS REVIEW

The Group continued its principal activities throughout the current year. Trading conditions within the logistics sector continue to be challenging but the Group continues to attract new clients and develop and achieve growth from existing clients. Taking into consideration the continuing growth of turnover and the challenging gross margins, the directors are satisfied with the profits achieved in the year.

FINANCIAL PERFORMANCE DURING THE PERIOD

As reported in the Group's statement of comprehensive income, there was a 10.3% increase in turnover. In spite of this gross profit reduced by £469k. Annualised EBIT reduced from a £735k profit to £306k.

Management use a range of performance measures to monitor and manage the business. The financial key performance indicators are set out below.

	2017	2016
Gross profit margin	7.1%	9.9%
Earnings before interest and tax ('EBIT')	1.2%	3.3%
Current ratio (Current assets/Current liabilities)	1.15	1.18

	£000	£000
Net cash (outflow) / inflow before additional/(repayment) of borrowings	(492)	605

DEVELOPMENT AND FINANCIAL PERFORMANCE DURING THE YEAR

In addition to our core 4th Party Logistics business, the Group has continued to expand its heavy goods fleet with 89 heavy goods vehicles and related trailers servicing our customers on routes in the UK. The fleet will continue to grow in the new financial year. The intention is to continue to develop both the core business and own vehicle work in the new financial year. More effective planning and utilisation of own fleet vehicles will be a key consideration in improving gross profit levels.

FINANCIAL POSITION AT THE REPORTING DATE

The balance sheet shows that the Group's net assets at the year-end increased from £2.463m at the prior year end to £2.671m. A net cash outflow [before additional/(repayment) of borrowings] of £492k occurred versus the £605k inflow achieved by the Group in the previous year.

Salerno Holdings Limited

Strategic report for the year ended 30 June 2017

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

The principal risks and uncertainties facing the Group are as follows:

To progress the 4th Party Logistics business, the Group has developed strong working relationships with its key suppliers as part of the Corporate Alliance. These relationships are closely monitored and we are constantly striving to add good quality transport companies to meet the new and ongoing needs of our customers. Securing and retaining the services of good quality and reliable drivers underpins the development and consolidation of our own-fleet business.

Our personnel are key to the success of this organisation. Loss of key personnel is a risk faced by most businesses and we manage this risk by ensuring we train, reward and communicate with our people as effectively as possible.

The Group operates in very competitive markets, which always poses a risk to the on-going success of the business. It is therefore important to ensure we maintain our competitive edge through offering the best quality and most proactive transport solutions possible.

APPROVAL

This report was approved by the board on 14 March 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J J Mangan', written over a horizontal line.

**J J Mangan
Director**

Salerno Holdings Limited

Directors report for the year ended 30 June 2017

The Directors present their report and financial statements for the year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The Company operates as a holding company of two subsidiary undertakings whose principal activities are that of haulage contractors and property investment.

FUTURE DEVELOPMENTS

The outlook for 2018 is one of further growth. The Group will continue to grow its turnover through both sub-contracted work and through its own fleet but also focus on the need to significantly drive up gross profit margins.

DIVIDENDS

The directors have not paid any dividends in the year (2016 - £20,000).

DIRECTORS

The directors set out below have held office during the whole of the period from 1 July 2016 to the date of this report unless otherwise stated.

J J Mangan
B M Croghan
M Ponsonby
D J Ponsonby

DIRECTORS' INDEMNITY

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have done or omitted, by them as officers or employees of the Company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all the Company's directors.

Salerno Holdings Limited

Directors' Report

for the year ending 30 June 2017 (continued)

RESPONSIBILITIES OF DIRECTORS

The directors are responsible for preparing the Strategic Report, Directors' Report and 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 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 judgments and accounting estimates that are reasonable and prudent;
- * state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EMPLOYEE INVOLVEMENT

The Group has well established structures and procedures for consultation and negotiation with its employees. Importance is placed on this aspect of the business and all managers have responsibility towards this end.

DISABLED PERSONS

The Group has an established policy of encouraging the employment of disabled persons whenever this is practicable.

Salerno Holdings Limited

Directors' Report

for the year ending 30 June 2017 (continued)

FINANCIAL INSTRUMENTS

The Group uses financial instruments. Their existence exposes the Group to a number of financial risks which are described in more detail below.

Currency risk

The Group is exposed to foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are assessed and hedging is considered where the risks facing the Group are outside acceptable limits.

Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account.

Credit risk

The principal credit risk arises from trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

In the case of each of the persons who are directors of the company at the date when this report was approved:

- * so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- * each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

AUDITORS

Mazars LLP will continue in office in accordance with CA 2006 s487(2).

APPROVAL

This report was approved by the board on 14 March 2018 and signed on its behalf by:



J J Mangan
Director

Salerno Holdings Limited

Independent auditor's report to the members of Salerno Holdings Limited

Opinion

We have audited the group and parent company financial statements (the "financial statements") of Salerno Holdings Limited for the year ended 30 June 2017 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the Company statement of financial position, the Group and Company statement of changes in equity, the consolidated statement of cash flows and the related notes. 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 FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Company's affairs as at 30 June 2017 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 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 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.

Salerno Holdings Limited

Independent auditor's report to the members of Salerno Holdings Limited

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 directors' responsibilities statement set out on page 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.

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.



16 March 2018

Ian Holder (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street,
Birmingham
B3 2RT

Salerno Holdings Limited

Consolidated statement of comprehensive income for the year ended 30 June 2017

	Notes	2017 £	2016 £
Turnover	5	24,549,590	22,248,253
Cost of sales		(22,811,208)	(20,041,077)
Gross profit		1,738,382	2,207,176
Administrative expenses		(1,680,414)	(1,652,089)
Other operating income		248,280	179,932
Operating profit	6	306,248	735,019
Interest receivable and similar income		780	776
Interest payable and similar charges	7	(30,960)	(19,183)
Profit on ordinary activities before taxation		276,068	716,612
Tax on profit on ordinary activities	9	(68,001)	(158,812)
Profit on ordinary activities after taxation		208,067	557,800
Profit for the year and total comprehensive income for the year attributable to:			
Equity holders		168,762	463,994
Non-controlling interest		39,305	93,806
		208,067	557,800

All of the activities of the company are classed as continuing.

There was no other comprehensive income for 2017 (2016: £Nil).

The notes on pages 15 to 29 form part of these financial statements.

Salerno Holdings Limited

Consolidated statement of financial position as at 30 June 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	10	548,154	574,963
Investment property	12	2,166,213	1,517,562
		2,714,367	2,092,525
Current assets			
Debtors	13	5,469,259	4,078,083
Cash at bank and in hand		654,685	582,133
		6,123,944	4,660,216
Creditors: amounts falling due within one year	14	(5,312,114)	(3,964,629)
Net current assets		811,830	695,587
Total assets less current liabilities		3,526,197	2,788,112
Creditors: amounts falling due after more than one year	15	(846,956)	(323,534)
Provisions for liabilities and charges	17	(8,119)	(1,523)
Net assets		2,671,122	2,463,055
Capital and reserves			
Called up share capital	18	1,000	1,000
Investment property revaluation reserve		44,026	44,026
Profit and loss account		2,319,842	2,151,080
Total equity attributable to equity shareholders		2,364,868	2,196,106
Non-controlling interests	19	306,254	266,949
Total equity		2,671,122	2,463,055

The financial statements set out on pages 9 to 29 were approved by the board of directors on 14 March 2018 and were signed on its behalf by:


J J Mangan
Director

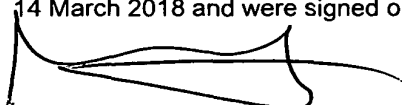
Company registered number: 09590377

Salerno Holdings Limited

Company statement of financial position as at 30 June 2017

	Notes	2017 £	2016 £
Fixed assets			
Investments	11	1,605,808	1,448,589
Current assets			
Debtors	13	1,000	1,000
Net assets		1,606,808	1,449,589
Capital and reserves			
Called up share capital	18	1,000	1,000
Investment revaluation reserve		1,605,808	1,448,589
Total equity		1,606,808	1,449,589

The financial statements set out on pages 9 to 29 were approved by the board of directors on 14 March 2018 and were signed on its behalf by:



J J Mangan
Director

Company registered number: 09590377

Salerno Holdings Limited

Statement of changes in equity for the year ended 30 June 2017

GROUP	Share capital £	Investment property revaluation reserve £	Profit & loss account £	Total attributable to equity shareholders £
At 1 July 2015	1,000	44,026	1,707,086	1,752,112
Comprehensive income for the year				
Profit for the year	-	-	463,994	463,994
Dividend paid	-	-	(20,000)	(20,000)
Other comprehensive income for the year				
Investment property revaluation	-	-	-	-
At 1 July 2016	1,000	44,026	2,151,080	2,196,106
Comprehensive income for the year				
Profit for the year	-	-	168,762	168,762
Dividend paid	-	-	-	-
Other comprehensive income for the year				
Investment property revaluation	-	-	-	-
At 30 June 2017	1,000	44,026	2,319,842	2,364,868

	Total attributable to equity shareholders £	Non-controlling interests £	Total equity £
At 1 July 2015	1,752,112	173,143	1,925,255
Comprehensive income for the year			
Profit for the year	463,994	93,806	557,800
Dividend paid	(20,000)	-	(20,000)
Other comprehensive income for the year			
Investment property revaluation	-	-	-
At 1 July 2016	2,196,106	266,949	2,463,055
Comprehensive income for the year			
Profit for the year	168,762	39,305	208,067
Dividend paid	-	-	-
Other comprehensive income for the year			
Investment property revaluation	-	-	-
At 30 June 2017	2,364,868	306,254	2,671,122

Salerno Holdings Limited

Statement of changes in equity for the year ended 30 June 2017

COMPANY	Share capital £	Investment revaluation reserve £	Profit & loss account £	Total attributable to equity shareholders £
At 1 July 2015	-	-	-	-
Comprehensive income for the year				
Profit for the year	-	-	20,000	20,000
Dividend paid	-	-	(20,000)	(20,000)
Other comprehensive income for the year				
Shares issued	1,000	-	-	1,000
Transfer from group undertaking	-	1,073,365	-	1,073,365
Investment revaluation	-	375,224	-	375,224
At 1 July 2016	1,000	1,448,589	-	1,449,589
Comprehensive income for the year				
Profit for the year	-	-	-	-
Other comprehensive income for the year				
Investment revaluation	-	157,219	-	157,219
At 30 June 2017	1,000	1,605,808	-	1,606,808

Salerno Holdings Limited

Consolidated statement of cash flows for the year ended 30 June 2017

	2017		2016	
	£	£	£	£
CASH FLOW FROM OPERATING ACTIVITIES				
Profit for the financial year		208,067		557,800
Adjustments for:				
Depreciation of tangible assets	54,551		60,533	
Fair value movements in investment properties	-		-	
Interest paid	30,960		19,183	
Interest received	(780)		(776)	
Taxation	68,001		158,812	
Increase in trade and other receivables	(1,391,176)		(870,842)	
Increase in trade payables	1,391,419		813,873	
		152,975		180,783
Cash from operations		361,042		738,583
Income taxes paid		(146,861)		(47,420)
Net cash from operating activities		214,181		691,163
Cash flows from investing activities				
Purchases of tangible fixed assets	(27,742)		(47,836)	
Purchases of investment properties	(648,651)		-	
Interest received	780		776	
Net cash from investing activities		(675,613)		(47,060)
Cash flows from financing activities				
Additional finance received	632,000		-	
Capital repayments of borrowings	(67,056)		(160,370)	
Dividends paid	-		(20,000)	
Interest paid	(30,960)		(19,183)	
Net cash from financing activities		533,984		(199,553)
Net increase in cash and cash equivalents		72,552		444,550
Cash and cash equivalents at beginning of year		582,133		137,583
Cash and cash equivalents at the end of year		654,685		582,133

Salerno Holdings Limited

Notes to the financial statements for the year ended 30 June 2017

1. General information

Salerno Holdings Limited is a private company limited by shares, incorporated in England and Wales. Its registered office is 6100 Knights Court, Solihull Parkway, Birmingham Business Park, Solihull, West Midlands, B37 7WY. The principal activity is that of a holding company for two subsidiaries whose principal activities are that of haulage contractors and property investment. The company operates within the UK and sells primarily to the UK.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

2. Statement of compliance

The financial statements of Salerno Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Principal accounting policies

Basis of accounting

These financial statements are prepared on a going concern basis, under the historical cost convention, with the exception of certain financial assets and liabilities and investment properties being measured at fair value through profit or loss. The particular accounting policies are described below and have been applied consistently throughout the year and the previous period.

The consolidated financial statements incorporate those of Salerno Holdings Limited and all of its subsidiary undertakings.

As noted above, the combination with Sorrento Holdings Limited has been accounted for using merger accounting principles as applicable to group re-organisations. In the opinion of the directors, the substance of the transaction is that of a group re-organisation.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements incorporate the financial statements of the Company and all Group undertakings. These are adjusted, where appropriate, to conform to Group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and amortised. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. The parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements. The parent Company's profit for the year was £Nil (2016: £20,000).

Salerno Holdings Limited

Notes to the financial statements for the year ended 30 June 2017

3. Principal accounting policies (Continued)

Basis of accounting

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going concern

The financial statements have been prepared on a going concern basis. The Company's and Group's business activities, together with the factors likely to affect its future developments, performance and position are set out in the Strategic Report. The Company's and Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company and Group should be able to manage business risk successfully. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover represents the amount derived from the sale of logistics services falling within the group's principal activity, excluding value added tax. Revenue is recognised when the service is provided.

Tangible fixed assets and depreciation

Tangible fixed assets are shown in the balance sheet at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its current working condition. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets on a straight line basis over their expected useful lives or, if held under a finance lease, over the lease term, whichever is shorter. The rates generally applicable are:

Freehold property	-	2% on cost
Plant and machinery	-	25% on cost
Fixtures and fittings	-	15% on reducing balance
Computer equipment	-	50% in the year of acquisition and then 20% straight line thereafter
Motor Vehicles	-	25% on cost

Debtors

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

Salerno Holdings Limited

Notes to the financial statements for the year ended 30 June 2017

3. Principal accounting policies (Continued)

Cash and cash equivalents

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

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Creditors

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

Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Taxation

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 reporting 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 Statement of Financial Position 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 reporting date.

Salerno Holdings Limited

Notes to the financial statements for the year ended 30 June 2017

3. Principal accounting policies (Continued)

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Financial instruments

The Company only enters into basic financial instruments 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 case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow 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, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Salerno Holdings Limited

Notes to the financial statements for the year ended 30 June 2017

3. Principal accounting policies (Continued)

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Employer financed retirement benefit scheme

The Company has established an employer financed retirement benefit scheme for the benefit of its officers, employees and their wider families, the Corporate Solutions (Logistics) Limited Employer Financed Retirement Benefit Scheme ("The Scheme").

In accordance with UITF abstract 32 "Employee Benefit Trusts and other intermediate payment arrangements" the Company does not include the assets and liabilities of The Scheme on its balance sheet to the extent that it considers that it will not retain any economic benefit from the assets of The Scheme and will not have control of the rights or other access to those present economic benefits.

4. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regards, the Directors believe that there are no critical accounting policies where judgements or estimations are necessarily applied in the financial statements.

5. Turnover

The turnover is attributed to the principal activity of the group.

An analysis of turnover by geographical market is given below:

	2017	2016
	£	£
United Kingdom	24,005,021	21,898,497
Europe	544,569	349,756
Total	24,549,590	22,248,253

Salerno Holdings Limited

Notes to the financial statements for the year ended 30 June 2017

6. Operating profit

The operating profit is stated after charging:	2017	2016
	£	£
Depreciation on tangible fixed assets:		
- owned by the group	54,551	60,533
Audit fee – parent company and consolidation	2,500	2,500
Audit fee - subsidiaries	13,554	13,720
Auditors' remuneration – other services :		
- Services relating to taxation	5,550	4,500
Operating lease rentals:		
- Plant and machinery	2,598,610	1,833,908

7. Interest payable and similar charges

	2017	2016
	£	£
Bank loan and overdraft interest	30,960	19,183

Salerno Holdings Limited

Notes to the financial statements for the year ended 30 June 2017

8. Directors and employees

The Directors were remunerated by an outsource company, Logistics Personnel Management Limited up to 31 March 2017 and thereafter remunerated by another outsource company, Corporate Solutions Personnel Limited. Similarly, the staff were remunerated by Logistics Personnel Management Limited up to 31 March 2017 and thereafter remunerated by Corporate Solutions Personnel Limited. Total staff costs incurred and recharged to the Group in the year are disclosed below:

	2017 £	2016 £
Wages and salaries	1,716,926	1,507,107
Social security costs	202,887	183,034
Other pension costs	15,528	61,887
	1,935,341	1,752,028

The average monthly number of employees of the group during the year was:

	2017 Number	2016 Number
Directors	4	4
Administration	34	28
	38	32

Remuneration in respect of directors was as follows:

	2017 £	2016 £
Aggregate emoluments	807,985	811,770

During the year, no directors participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2017 £	2016 £
Aggregate emoluments	213,435	238,394

Salerno Holdings Limited

Notes to the financial statements for the year ended 30 June 2017

9. Tax charge on profit on ordinary activities

a) The tax charge is based on the profit for the year and represents:

	2017 £	2016 £
UK corporation tax		
Current tax charge on profit for the year	61,473	157,717
Adjustments in respect of prior years	(68)	(870)
Total current tax	61,405	156,847
Deferred tax		
Origination and reversal of timing differences	6,590	1,965
Adjustments in respect of prior periods	75	-
Effect of tax rate change on opening balance	(69)	-
Total deferred tax (note 17)	6,596	1,965
Tax charge on profit on ordinary activities	68,001	158,812

b) Factors affecting tax charge for the year:

The amount of the tax charge for the year is higher (2016: higher) than the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%). The differences are explained below.

	2017 £	2016 £
Profit before taxation	276,068	716,612
Taxation at 19.75% (2016: 20.00%)	54,525	143,322
Effect of:		
Expenses not deductible for tax purposes	3,080	13,618
Chargeable gains / (losses)	8,696	-
Movement in short term timing differences	1,693	2,742
Adjustments in respect of prior years	7	(870)
Current tax charge for the year	68,001	158,812

(c) Factors affecting future tax charge

There are no significant factors affecting future tax charge.

Salerno Holdings Limited

Notes to the financial statements for the year ended 30 June 2017

10. Tangible assets

Group	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost and valuation					
At 1 July 2016	640,500	651,799	2,809	16,695	1,311,803
Disposals	-	-	-	(16,695)	(16,695)
Additions	-	27,742	-	-	27,742
Revaluations	-	-	-	-	-
At 30 June 2017	640,500	679,541	2,809	-	1,322,850
Accumulated depreciation					
At 1 July 2016	114,684	603,591	1,870	16,695	736,840
Disposals	-	-	-	(16,695)	(16,695)
Charge for the year	14,184	40,226	141	-	54,551
At 30 June 2017	128,868	643,817	2,011	-	774,696
Net book value					
At 30 June 2017	511,632	35,724	798	-	548,154
At 30 June 2016	525,816	48,208	939	-	574,963

The freehold property is subject to a fixed charge (see note 16). The property at 6100 Birmingham Business Park, Solihull, was valued on an open market basis by Peter Browne FRICS of Burley Browne Chartered Surveyors at 25th January 2016 and the directors believe this valuation still reflects fair value.

There were no fixed assets in the company balance sheet of Salerno Holdings Limited at 30 June 2017.

Salerno Holdings Limited

Notes to the financial statements for the year ended 30 June 2017

11. Investments

Company	Unlisted investments
Carrying value	£
At 1 July 2016	1,448,589
Revaluations	157,219
At 30 June 2017	1,605,808

If fixed asset investments had not been revalued they would have been included at a historical cost of £8,903 (2016: £8,903).

The company's investments at the balance sheet date in the share capital of companies include the following:

Name of undertaking	Country of incorporation	Nature of business	Description of shares held	Proportion of nominal value of issued shares held by:	
				Group %	Company %
Corporate Solutions (Logistics) Limited	England	Haulage contractors	'A' Ordinary Shares	100	100
Sorrento Holdings Limited	England	Property rental	'A' Ordinary Shares	100	100

Included within the aggregate share capital and reserves of Corporate Solutions (Logistics) Limited are ordinary "B" shares with a nominal value of £43,000. These shares do not carry any voting rights and represent 20% of the subsidiary company's ordinary share capital. The company does not have any interest in these shares.

Salerno Holdings Limited

Notes to the financial statements for the year ended 30 June 2017

12. Investment Property

Group

Cost and net book value	Group		Company	
	2017 £	2016 £	2017 £	2016 £
At 1 July 2016	1,517,562	1,517,562	-	-
Additions	648,651	-	-	-
Revaluations	-	-	-	-
At 30 June 2017	2,166,213	1,517,562	-	-

The above investment property balance includes both freehold and long leasehold property. The directors are satisfied with the carrying value of the investment properties at the year end and believe this to be representative of market value.

The investment properties are subject to a fixed charge (see note 16).

13. Debtors

	Group		Company	
	2017 £	2016 £	2017 £	2016
Due within one year:				
Trade debtors	4,535,597	3,518,817	-	-
Prepayments and accrued income	863,662	546,948	1,000	1,000
Other debtors	70,000	12,318	-	-
	5,469,259	4,078,083	1,000	1,000

Included within Other debtors is an overdrawn director's loan account of £70,000. This loan is interest free with no fixed date of repayment and the year-end balance was the maximum amount outstanding during the year.

Salerno Holdings Limited

Notes to the financial statements for the year ended 30 June 2017

14. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts (see note 16)	120,783	79,261	-	-
Trade creditors	3,935,981	3,172,497	-	-
Corporation tax	276,211	361,667	-	-
Other taxation and social security	330,144	7,919	-	-
Accruals and deferred income	648,995	343,285	-	-
	5,312,114	3,964,629	-	-

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

15. Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans (see note 16)	846,956	323,534	-	-

Salerno Holdings Limited

Notes to the financial statements for the year ended 30 June 2017

16. Bank loans and overdrafts

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans:				
Due within one year	120,783	79,261	-	-
Between one and two years	123,359	81,666	-	-
Between two and five years	723,597	241,868	-	-
	967,739	402,795	-	-

Flexible bank loans of £967,739 (2016: £402,795) are secured by fixed charges over the investment properties and bear interest at rates between 2.0% and 2.5% above base rate.

17. Provisions for liabilities and charges

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Deferred tax liability/(asset)				
At 1 July	1,523	(442)	-	-
Profit and loss charge	6,596	1,965	-	-
At 30 June	8,119	1,523	-	-

Deferred tax is analysed as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Accelerated capital allowances	635	1,523	-	-
Other timing differences	7,484	-	-	-
At 30 June	8,119	1,523	-	-

The group has not recognised deferred tax assets of £160,000 (2016: £160,000) in respect of other temporary timing differences to the extent that the realisation of the related tax benefit through future taxable profits is not yet probable.

Salerno Holdings Limited

Notes to the financial statements for the year ended 30 June 2017

18. Called up share capital

	2017	2016
	£	£
Allotted and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

19. Non-controlling interest

The non-controlling interest is calculated as follows:

	2017	2016
	£	£
At 1 July 2016	266,949	173,143
Profit for the financial year	39,305	93,806
At 30 June 2017	306,254	266,949

20. Commitments under leasing arrangements

Group

Operating leases

As at 30 June 2017, the group had future minimum lease payments under non-cancellable operating leases as follows:

	Other	
	2017	2016
	£	£
Operating leases which expire:		
Within one year	2,285,210	1,580,008
Within 2 to 5 years	3,998,358	1,648,364
	6,283,568	3,228,372

Company

At 30 June 2017, the Company had no annual non-cancellable commitments under operating leases.

Salerno Holdings Limited

Notes to the financial statements for the year ended 30 June 2017

21. Related party transactions

Transactions with directors:

Included within Other debtors is an overdrawn director's loan account of £70,000. This loan is interest free with no fixed date of repayment and the year-end balance was the maximum amount outstanding during the year. There were no other transactions with the Directors in the year (2016: £Nil), other than as disclosed in note 7.

22. Controlling parties

The Group and Company are wholly owned and controlled by the directors with no one ultimate controlling party.