

Registered number: 03973355

3T LOGISTICS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

THURSDAY



A11 *A7L6MY3S*
20/12/2018 #206
COMPANIES HOUSE

3T LOGISTICS LTD

COMPANY INFORMATION

Directors	S Twydell T Fawkes
Registered number	03973355
Registered office	5 Smith Way Grove Park Enderby Leicester LE19 1SX
Independent auditors	Moore Stephens LLP Chartered Accountants and Statutory Auditor 35 Calthorpe Road Edgbaston Birmingham B15 1TS

3T LOGISTICS LTD

CONTENTS

	Page
Strategic Report	1 - 3
Directors' Report	4 - 5
Directors' Responsibilities Statement	6
Independent Auditors' Report	7 - 9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 29

3T LOGISTICS LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The 3T Mission is to radically reduce transport costs, provide service excellence and a platform for sustainable continuous improvement. Our Vision is to be the most technically advanced logistics organisation in Europe and to be the first choice partner for any logistics professional.

Overview

The 3T logistics business offers transport management solutions for clients on a base Transport management system platform. Our Transport expertise helps clients reduce their transport spend through a set of optional services and also informs the development roadmap of our system which improves ours and our customers transport management productivity. Our system is bought by clients on a stand-alone basis or with additional/flexible and optional services.

We continue to invest heavily in the system platform and have noticed a market shift in Transport systems solutions in the last 12 months. More and more 3PL companies are investing in technology, procuring systems businesses.

Our system is one of 2 European offerings that has been recognised in the 2018 Gartner Magic Quadrant of which there are 13 offerings identified globally. We see our systems offering as the future growth area of our business. It enables us to create a scalable product offering that we can sell at a much more prolific rate, and provides a prospective customer base for our 4PL business.

Financial performance

The key financial indicators during the year were as follows:

	2018 £000	2017 £000	Change £000
Turnover	19,666	18,227	1,439
Cost of sales	(15,091)	(14,072)	(1,019)
Gross profit	4,575	4,155	420
Gross profit margin (%)	23	23	-
Operating profit	775	458	317
Profit after tax	669	406	263
Strategic investments	1,200	469	731
Shareholders' funds	767	540	227
Current assets as a % of current liabilities	85	91	(6)
Average number of employees	80	66	14
GP per head	57	63	(6)

3T LOGISTICS LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Financial performance (*continued*)

Growth over the past 12 months was relatively low compared to recent years, however this did not reflect the six additional customers that were won during the year, an increase of 500% customer agreement during the year from the following 5 year average. These customers included two strategic TMS customers with a global roll out plan, a 4PL customer and 2 UK based TMS customers. The customers are being rolled out in stages over a 12 month period.

We invested more heavily than ever in our system development during the financial year, with strategic investment of £1.2m undertaken to develop our new I.T. platform enabling us to secure a competitive advantage. We recruited a new IT director with the aim to support and provide structure to our roadmap, and enable its successful roll out over the next 18 months. We see the market changing in its approach to TMS and we are expecting the TMS market to more than double in size over the next few years (reference Gartner).

This development has been capitalised within our intangible assets and is reflective of the expected useful life of our system. The investment has strengthened and improved our balance sheet which is reflective of the company's performance during the year.

Furthermore the investment totalling £1.2m was financed purely internally from cash within the company; However as we continue to develop into the second phase of growth, we are seeking external investment to support this.

Apart from development in our systems, we also increased the size of our sales team to focus on increasing the new customer take-on rate from an average of 1.2 per year. We also increased our finance and central teams in order to structure the group ready for the next phase of growth.

Opportunities

Being part of the Gartner Magic Quadrant is a massive opportunity that we must capitalise on to bring in new customers names. We continue to see growth opportunities with our existing client basis but also with new customer names that we secure. Our product is scalable across a customer's business with the opportunity to upsell additional services.

We see an opportunity to secure external investment to enable us to gain further advantage in our system capability and to increase product awareness through increased sales and marketing effort.

3T LOGISTICS LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Risk and uncertainties

We have implemented a Risk Log which considers the more tactical risks around our customers and operations. Some of our principle strategic risks include:

Dilution

We have a small number of large customers which we rely on for revenue. Although we are heavily imbedded with our clients, our aim is to increase our customer portfolio, to dilute the risks.

Technology

We are entering a technological revolution and although we recognise technology as a risk it is also an opportunity to utilise the latest technology and gain competitive advantage. We need to continue to invest in systems to ensure that we maintain our leading edge Transport Management Systems.

Competition

We still find ourselves in a unique position of offering systems and expertise which means that we can provide our customers with a continuous improvement approach which means our customers can achieve transport best practice with our help. More and more businesses are entering this space and we believe competition will increase dramatically over the next couple of years.

We see a risk in not obtaining external investment that we will miss our market advantage from our competition, or at least slow down the implementation of the new platform 'Event'.

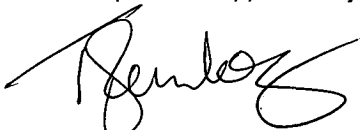
We continue to see increased competition from 3PL companies that are improving their system offer and from systems companies that are developing their systems offering, backed by huge investments.

To minimise this risk we are actively working with private equity firms in order to secure investment and maintain our competitive advantage.

The directors of 3T are committed to the success of the company and confident they will achieve the growth and profitability targets set out for the financial year 2018/19.

We do not see Brexit as a risk for the business. We already have a subsidiary entity trading and existing in France and are not worried about the potential issues of trading in Europe caused by Brexit. We are continuing to grow with existing and new customers across Europe and North America regardless of any decision on Brexit.

This report was approved by the board on 18th December 2018 and signed on its behalf.



T Fawkes
Director

3T LOGISTICS LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Results and dividends

The profit for the year, after taxation, amounted to £669,389 (2017: £406,387).

During the year the directors paid dividends of £442,293 (2017: £285,832). The directors do not recommend any further dividends to be paid.

Directors

The directors who served during the year were:

S Twydell
T Fawkes

Future developments

The directors do not foresee any changes to the principal activities of the company.

Research and development activities

The directors regard investment in research and development as integral to the continuing success of the business, expanding its technical capabilities and seeking out new and emerging technologies to extend its competitive advantage. During the year ended 31 March 2018 our total investment in activities that qualify for research and development tax credits in the year was £1,200,000 (2017: £630,000).

Matters covered in the strategic report

Information as required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report.

3T LOGISTICS LTD

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

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditors, Moore Stephens LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18th December 2018 and signed on its behalf.



T Fawkes
Director

3T LOGISTICS LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

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;
- 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.

3T LOGISTICS LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 3T LOGISTICS LTD

Opinion

We have audited the financial statements of 3T Logistics Ltd (the 'company') for the year ended 31 March 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 United Kingdom Accounting Standards, including Financial Reporting Standard 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 March 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 Auditors' 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.

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.

3T LOGISTICS LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 3T LOGISTICS LTD (CONTINUED)

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 Auditors' 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.

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 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 specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

3T LOGISTICS LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 3T LOGISTICS LTD (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 6, 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.


Auditors' 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 Auditors' 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 Auditors' Report.

Use of our 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 Auditors' 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.



Sukhjinder Aulak (Senior Statutory Auditor)

for and on behalf of
Moore Stephens LLP

Chartered Accountants and Statutory Auditor

35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

Date: 19 December 2018

3T LOGISTICS LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	<i>As restated</i> 2017 £
Turnover	4	19,665,567	18,227,307
Cost of sales		(15,090,662)	(14,072,207)
Gross profit		4,574,905	4,155,100
Administrative expenses		(4,048,076)	(3,787,106)
Other operating income	5	248,000	90,268
Operating profit	6	774,829	458,262
Interest payable and expenses	9	(2,317)	(6,850)
Profit before tax		772,512	451,412
Tax on profit	10	(103,123)	(45,025)
Profit for the financial year		669,389	406,387

There was no other comprehensive income for 2018 (2017: £Nil).

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

3T LOGISTICS LTD
REGISTERED NUMBER: 03973355

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	12		1,642,851		984,056
Tangible assets	13		118,262		97,841
Investments	14		35,521		35,521
			<u>1,796,634</u>		<u>1,117,418</u>
Current assets					
Debtors: falling due within one year	16	4,301,705		3,868,688	
Cash at bank and in hand	17	59,317		59,243	
		<u>4,361,022</u>		<u>3,927,931</u>	
Creditors: falling due within one year	18	(5,111,088)		(4,335,582)	
Net current liabilities			<u>(750,066)</u>		<u>(407,651)</u>
Total assets less current liabilities			<u>1,046,568</u>		<u>709,767</u>
Provisions for liabilities					
Deferred tax	19		(279,805)		(170,100)
Net assets			<u><u>766,763</u></u>		<u><u>539,667</u></u>
Capital and reserves					
Called up share capital	20		959		959
Share premium account	21		49,950		49,950
Capital redemption reserve	21		290		290
Profit and loss account	21		715,564		488,468
			<u><u>766,763</u></u>		<u><u>539,667</u></u>

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



18th December 2018

T Fawkes
Director

3T LOGISTICS LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2016	959	49,950	290	367,913	419,112
Comprehensive income for the year					
Profit for the year	-	-	-	406,387	406,387
Total comprehensive income for the year	-	-	-	406,387	406,387
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(285,832)	(285,832)
Total transactions with owners	-	-	-	(285,832)	(285,832)
At 1 April 2017	959	49,950	290	488,468	539,667
Comprehensive income for the year					
Profit for the year	-	-	-	669,389	669,389
Total comprehensive income for the year	-	-	-	669,389	669,389
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(442,293)	(442,293)
Total transactions with owners	-	-	-	(442,293)	(442,293)
At 31 March 2018	959	49,950	290	715,564	766,763

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

3T LOGISTICS LTD

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

1. General information

3T Logistics Ltd is a private company limited by shares, incorporated in England and Wales and domiciled in England.

The registered office is 5 Smith Way, Grove Park, Enderby, Leicester, LE19 1SX and its registered number is 03973355.

The principal activity of the company during the year was the provision of service activities incidental to land transportation.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional and presentation currency for the company is Sterling. The financial statements have been rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical 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:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- 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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of 3T Logistics Holdings Limited as at 31 March 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

3T LOGISTICS LTD

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

2. Accounting policies (continued)

2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Going concern

In preparing these financial statements the directors have considered the applicability of going concern basis. At 31 March 2018 the company balance sheet had net current liabilities of £750,066 (2017: £407,651). Recent investment and management of credit terms with key customers as well as forecasted profit inflows, means the directors are satisfied the company can meet its liabilities as they fall due and have therefore prepared the accounts on a going concern basis.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Contracts whereby the company receives commission but the company is deemed to be the principal, the turnover is grossed up to recognise the full sales value and the relevant costs included within cost of sales.

3T LOGISTICS LTD

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

2. Accounting policies (continued)

2.6 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.

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project.

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development. If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development the asset is tested for impairment annually.

The estimated useful lives range as follows:

Development expenditure	-	16.67 - 25% straight line
-------------------------	---	---------------------------

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.

Repairs and maintenance are charged to profit and loss during the period in which they are incurred. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives.

3T LOGISTICS LTD

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

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Fixtures and fittings	-	20% straight line
Office equipment	-	33% straight line

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 within administrative expenses within profit or loss.

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 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.

2.10 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.

2.11 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 balances with related parties.

3T LOGISTICS LTD

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

2. Accounting policies (continued)

2.11 Financial instruments (continued)

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.

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 profit or loss.

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

2.12 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.

2.13 Foreign currency translation

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.14 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.

2.15 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

3T LOGISTICS LTD

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

2. Accounting policies (continued)

2.16 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 profit or loss 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.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, 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.

2.19 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Research and development tax credits are treated as grant income and are recognised within other operating income in profit or loss.

3T LOGISTICS LTD

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment of fixed assets

The company assessed the impairment of tangible fixed assets subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Impairment of investments

The company reviews the carrying value of fixed asset investments for indications of impairments at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. This process will usually involve the estimation of future cash flows which are likely to be generated by the asset.

Recoverability of trade debtors

Trade and other receivables are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

Development expenditure

Development is capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Prior year restatement

The comparative Consolidated Statement of Comprehensive Income has been restated in order to present amounts receivable from research and development tax credits as other operating income.

3T LOGISTICS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

3. Judgements in applying accounting policies (continued)

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	17,830,022	17,465,033
Rest of Europe	1,835,545	762,274
	<u>19,665,567</u>	<u>18,227,307</u>

5. Other operating income

	2018 £	As restated 2017 £
Research and development tax credits receivable	248,000	90,268
	<u>248,000</u>	<u>90,268</u>

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets owned by the company	60,828	37,781
Amortisation of intangible fixed assets	541,205	441,209
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	13,000	11,000
Fees payable to the company's auditors and its associates for other services to the company:		
- preparation of financial statements	1,625	1,500
- taxation compliance services	2,600	2,500
Exchange differences	3,746	9,803
Other operating lease rentals	83,760	79,464
	<u>687,764</u>	<u>562,257</u>

3T LOGISTICS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2018	<i>As restated</i> 2017
	£	£
Wages and salaries	2,799,316	2,183,804
Social security costs	313,046	247,270
Cost of defined contribution scheme	66,284	42,736
	<u>3,178,646</u>	<u>2,473,810</u>

During the year the company capitalised £1,200,000 (2017 - £583,000) of staff costs as intangible fixed assets.

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

	2018	2017
	No.	No.
Administration	27	20
Directors	2	2
Sales and marketing	7	4
Operations	44	40
	<u>80</u>	<u>66</u>

8. Directors' remuneration

	2018	2017
	£	£
Directors' emoluments	<u>30,218</u>	<u>30,900</u>

9. Interest payable and similar expenses

	2018	2017
	£	£
Bank interest payable	<u>2,317</u>	<u>6,850</u>

3T LOGISTICS LTD

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

10. Taxation

	2018 £	As restated 2017 £
Corporation tax		
Adjustments in respect of previous periods	(6,582)	-
Total current tax	<u>(6,582)</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	119,150	45,025
Changes to tax rates	(9,445)	-
Total deferred tax	<u>109,705</u>	<u>45,025</u>
Taxation on profit on ordinary activities	<u>103,123</u>	<u>45,025</u>

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: 20%). The differences are explained below:

	2018 £	As restated 2017 £
Profit on ordinary activities before tax	<u>772,512</u>	<u>451,412</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	146,777	90,282
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,929	16,332
Capital allowances for year in excess of depreciation	-	334
Additional deduction for R&D expenditure	(296,400)	(163,800)
Surrender of tax losses for R&D tax credit refund	326,084	124,933
Losses surrendered at lower rate	(47,120)	(18,054)
Adjustments to tax charge in respect of prior periods	(6,582)	-
Adjust closing deferred tax to average rate of 19%	(23,560)	(5,003)
Other differences leading to an increase (decrease) in the tax charge	(5)	1
Total tax charge for the year	<u>103,123</u>	<u>45,025</u>

3T LOGISTICS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

10. Taxation (continued)**Factors that may affect future tax charges**

The company has losses available to offset against future trading profits of £61,477 (2017: £61,477).

The UK corporation tax rate will reduce to 17% by 2020.

11. Dividends

	2018 £	2017 £
Equity dividends paid	<u>442,293</u>	<u>285,832</u>

12. Intangible assets

	Development £
Cost	
At 1 April 2017	1,789,198
Additions	1,200,000
At 31 March 2018	<u>2,989,198</u>
Amortisation	
At 1 April 2017	805,142
Charge for the year	541,205
At 31 March 2018	<u>1,346,347</u>
Net book value	
At 31 March 2018	<u>1,642,851</u>
At 31 March 2017	<u>984,056</u>

3T LOGISTICS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

13. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation			
At 1 April 2017	76,484	221,094	297,578
Additions	12,382	69,698	82,080
Disposals	-	(84,514)	(84,514)
At 31 March 2018	<u>88,866</u>	<u>206,278</u>	<u>295,144</u>
Depreciation			
At 1 April 2017	52,650	147,087	199,737
Charge for the year	10,852	49,976	60,828
Disposals	-	(83,683)	(83,683)
At 31 March 2018	<u>63,502</u>	<u>113,380</u>	<u>176,882</u>
Net book value			
At 31 March 2018	<u><u>25,364</u></u>	<u><u>92,898</u></u>	<u><u>118,262</u></u>
At 31 March 2017	<u><u>23,834</u></u>	<u><u>74,007</u></u>	<u><u>97,841</u></u>

3T LOGISTICS LTD

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

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2017	35,521
At 31 March 2018	<u>35,521</u>
Net book value	
At 31 March 2018	<u>35,521</u>
At 31 March 2017	<u>35,521</u>

15. Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
3T Logistics SAS	Ordinary	100 %	Service activities incidental to land transportation
3T Solo Limited	Ordinary	100 %	Dormant
3T Symphony Limited	Ordinary	100 %	Dormant

All subsidiaries are incorporated in England and Wales except for 3T Logistics SAS which is incorporated in France. The registered offices of the subsidiaries were as follows:

Name	Registered office
3T Logistics SAS	3, Rue Gustave Eiffel, 78300 POISSY, France
3T Solo Limited	5 Smith Way, Grove Park, Enderby, Leicester, LE19 1SX
3T Symphony Limited	5 Smith Way, Grove Park, Enderby, Leicester, LE19 1SX

3T LOGISTICS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

16. Debtors

	2018 £	2017 £
Trade debtors	2,706,783	3,078,473
Amounts owed by group undertakings	135,000	90,000
Other debtors	112,596	3,500
Corporation tax repayable	344,612	90,000
Prepayments and accrued income	1,002,714	606,715
	<u>4,301,705</u>	<u>3,868,688</u>

Amounts included within trade debtors at the year end that are subject to invoice discounting total £2,706,783 (2017: £3,078,473).

17. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>59,317</u>	<u>59,243</u>

18. Creditors: Amounts falling due within one year

	2018 £	2017 £
Invoice discounting facility	1,307,688	540,545
Trade creditors	1,809,396	1,928,566
Amounts owed to group undertakings	106,474	26,179
Other taxation and social security	206,727	203,133
Other creditors	18,529	9,856
Accruals and deferred income	1,662,274	1,627,303
	<u>5,111,088</u>	<u>4,335,582</u>

The invoice discounting facility of £1,307,688 (2017: £540,545) was secured on the book debts to which they relate in addition to a fixed and floating charge over all assets of the company.

3T LOGISTICS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. Deferred taxation

	2018 £	2017 £
Liability at beginning of year	(170,100)	(125,075)
Charged to profit or loss	(109,705)	(45,025)
Liability at end of year	(279,805)	(170,100)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(291,920)	(182,534)
Tax losses carried forward	10,451	11,066
Short term timing differences	1,664	1,368
	(279,805)	(170,100)

20. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
959 Ordinary shares of £1 each	959	959

21. Reserves

Share premium account

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

This represents 331 Ordinary shares with a nominal value of £1 which were redeemed by the company in 2003 at their par value.

Profit and loss account

Retained earnings represents accumulated comprehensive income for the year and prior periods, less dividends paid.

3T LOGISTICS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

22. 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 £66,284 (2017: £42,736). Contributions totalling £9,790 (2017: £7,599) were payable to the fund at the balance sheet date.

23. Commitments under operating leases

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

	2018 £	2017 £
Land and buildings		
Not later than 1 year	70,673	58,673
Later than 1 year and not later than 5 years	117,677	161,350
	<u>188,350</u>	<u>220,023</u>
	2018 £	2017 £
Other operating leases		
Not later than 1 year	271,840	76,707
Later than 1 year and not later than 5 years	283,220	265,329
	<u>555,060</u>	<u>342,036</u>

24. Transactions with directors

Movements on directors' loan accounts during the year were as follows:

	S Twydell £	T Fawkes £
Opening balance	-	-
Dividends received	172,907	123,416
Drawings	(259,748)	(116,611)
	<u>(86,841)</u>	<u>6,805</u>

During the year dividends totalling £296,323 (2017 - £196,897) were paid to directors and their wives, by the ultimate parent company, 3T Logistics Holdings Limited.

3T LOGISTICS LTD

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

25. Related party transactions

As the company is a wholly owned subsidiary of a company whose consolidated accounts include the results of the subsidiary and are publicly available, the company has taken advantage of the FRS102 section 33.1A exemption from disclosing transactions with group undertakings.

S Wilcox is a related party to the company by virtue of his shareholding in the parent company, 3T Logistics Holdings Limited. At the year end £9,100 (2017: £Nil) was owed to the company and is included within other debtors due within one year. During the year dividends of £79,181 (2017 - £43,848) were received from the parent company, 3T Logistics Holdings Limited, and drawings of £88,281 (2017 - £43,848) withdrawn.

P Donovan is a related party to the company by virtue of his shareholding in the parent company, 3T Logistics Holdings Limited. At the year end £Nil (2017: £Nil) was owed by the company and is included within other creditors due within one year. During the year dividends of £66,789 (2017 - £45,087) were received from the parent company, 3T Logistics Holdings Limited, and drawings of £66,789 (2017 - £45,087) were withdrawn.

26. Controlling party

The company's immediate and ultimate parent company is 3T Logistics Holdings Limited. This is the parent undertaking of the largest and smallest group for which consolidated financial statements are prepared. Consolidated financial statements for 3T Logistics Holdings Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

In the opinion of the directors the ultimate controlling party is S Twydell, a director of the parent company, by virtue of his majority shareholding in 3T Logistics Holdings Limited.