

Toll Global Forwarding Group (UK) Limited

Annual report and financial statements

Registered number 02924145

Year ended 31 March 2022

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Strategic report

The report has been prepared to inform members of the company and to help them assess how the directors have performed their duty to promote the success of the company.

Principal activities

The principal activity of the Company during the year was that of a freight forwarding company.

Business review

The results of the Company for the year are in the profit and loss account on page 10. There was a profit after taxation for the year of £1,248,000 (2021: Loss £5,304,000) which will be transferred to reserves.

Trading conditions improved for the year compared to the prior financial period. Revenue increased by 135% which was largely attributable to continuing volatility and overall increases in sea market rates. With container rates at inflated rates the revenue levels have followed the trend which we see in the Company results for the year. At the same time the company's volumes, measured in number of jobs, increased by 12%.

The company started to see the benefits of previous organisation restructures as it operated on a leaner asset base and operated at higher productivity rate than in previous years.

Additionally, as the UK began its exit from National lock downs following the COVID-19 pandemic there was an uptick in demand for consumer led products which in turn drove some of the volume increases noted.

Key Performance Indicators (KPIs)

Management at branch and entity level review revenue and profit on an individual job level. Hence Company's KPIs are revenue and profit before tax. The revenue for the year to 31 March 2022 is £112,281,000 (2021: £47,806,000) and the profit for the same year before tax is £1,113,000 (2021: Loss £5,304,000). Results are in line with management's expectations.

Principal risks and uncertainties

Performance and trading risks

The Company is a global supplier of freight forwarding services and as such has a strong position to both influence and anticipate developments in the industry. We continue to be members of BIFA, the UK industry trade association and we are important customers to airlines and shipping lines.

COVID-19

The Company has adapted quickly to new guidance and has adopted measures at all locations to minimise impact and protect customers and staff in line with Government guidelines.

The Company remains vigilant and is well placed to respond to any development that may result from new restrictions.

Interest rate risk

The Company finances its operations through a mixture of retained profits and bank borrowings. The exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably. The policy throughout the year has been to ensure continuity of funding by using final repayment debt from the bankers. Short term flexibility is achieved by overdraft facilities. Debt is structured so repayments can be made out of cash generated through operations.

Currency risk

The Company is exposed to transaction and translation foreign exchange risk. In relation to translation risk the proportion of assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency.

Credit Risk

The Company's credit risk is driven by trade receivables. Receivables are monitored closely and provision taken for accounts where the recoverability of cash is considered at risk. The Company has no significant concentration of credit risk as the trade receivables are spread across a large number of customers. If a significant number of customers failed to repay outstanding trade receivables balances this would adversely impact the financial position of the Company.

Strategic report (continued)

S172 Companies Act 2006

The Company considers stakeholder engagement as a critical part of its operations. In order to guarantee that the interests of stakeholders are taken into account the Company engages with its employees, customers, suppliers and business partners on a continuous basis. This engagement enables the Company to retain its customers, maintain a motivated workforce and establish effective working relationships with our suppliers and service providers.

The Company engages with employees on a regular basis, through briefings, a bi-annual appraisal process, annual development reviews and employee surveys, and more informally through a variety of social events. With customers and suppliers the Company works closely and holds cross-functional meetings to review performance and share ideas, concerns and best practices.

Energy and Carbon Reporting

In compliance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 where changes were introduced to annual emissions reporting the Company reports the following:

Energy use

Annual Green House Emissions (GHE) from activities for which the company is responsible included operation of facilities in the UK and the annual emissions from the purchase of electricity, heat, steam or cooling by the company for its own use.

Using the electricity reports provided by suppliers of energy to the Company, annual estimate for the year ended 31 March 2022 was calculated at 2,313 MWh.

The associated GHE were 539,299 kg CO₂e for the year.

In the calculations above, kWh to kg of carbon released is based on conversion factors from the Department for Business, Energy and Industrial Strategy. The conversion factor is 0.23314 kg CO₂ saved for each kWh produced from a carbon free source. The factor is based on the carbon emissions generated by the current UK power stations per kWh generated.

By order of the board



S Whittingham
Director
23 November 2022

672 Spur Road, North Feltham Trading Estate

Feltham, Middlesex

TW14 0SL

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2022.

Political and Charitable Contributions

The company made no political contributions during the year (2021: £nil).

Dividends

The directors do not recommend payment of a dividend (2021: £nil).

Financial Instruments

The Company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, currency risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Future Development

The focus for the business for the next financial year is growth from existing and new customers, customer retention, improving utilisation of our operating base and product, and focus on cost efficiency. Competition in the industry is significant, and the business will focus in areas in which it has a strategic advantage, including customised solutions and value-added service.

Going Concern

The financial position of the Company, its cash flows and liquidity position are described in the primary statements and notes to these financial statements.

The financial statements have been prepared on the going concern basis, with net current assets of £1,657k and a cash balance of £5,232k at 31 March 2022, which the directors believe to be appropriate for the following reasons.

Following the substantial restructure of the company ending in 2021, the directors believe that future operating results will be positive both in terms of profitability and cash flow. To this extend forecasts for the P&L have been made to March 2025 along with cash flow forecasts to 2024.

Based on these forecasts it is not foreseen that the company will require additional financing from its immediate parent company. However, the market in which the company operates is currently subject to high levels of volatility and this is not an impossibility. Whilst the intermediate parent has indicated its intention to continue to make available such funds if needed by the Company for the period covered by the forecasts, the Directors do not have sufficient financial information regarding the intermediate parent company's ability to provide such support. Based on these indications the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Directors' report (continued)

Directors


The directors who held office during the year and up to the date of this report were as follows:

S Reed	– resigned 14 November 2022
T Knudsen	– resigned 30 June 2012
S Whittingham	– appointed 30 June 2022

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.



S Whittingham
Director
23 November 2022

672 Spur Road, North Feltham Trading Estate
Feltham, Middlesex
TW14 0SL

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 and then apply them consistently;
- make judgements and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's report to the members of Toll Global Forwarding Group (UK) Limited

Opinion

We have audited the financial statements of Toll Global Forwarding Group (UK) Limited ("the Company") for the year ended 31 March 2022 which comprise the profit and loss account and other comprehensive income, the balance sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of the profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent Auditor's report to the members of Toll Global Forwarding Group (UK) Limited (*Continued*)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that export and import revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to seldom accounts for sales and expenses, those posted to unusual or unrelated accounts for sales, those posted with unexpected cash pairing and journal entries containing specific words in the description.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards) and other management and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws, we did not identify any others where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent Auditor's report to the members of Toll Global Forwarding Group (UK) Limited *(Continued)*

Fraud and breaches of laws and regulations – ability to detect *(Continued)*

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Independent Auditor's report to the members of Toll Global Forwarding Group (UK) Limited (*Continued*)

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

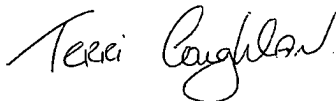
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Terri Coughlan
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
2 Forbury Place
33 Forbury Road
Reading, Berkshire
RG1 3AD
Date: 23 November 2022

Profit and Loss Account and Other Comprehensive Income*for the year ended 31 March 2022*

	Note	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Turnover	2	112,281	47,806
Cost of Sales		<u>(97,195)</u>	<u>(40,029)</u>
Gross Profit		15,086	-14,296
Administrative expenses	3 - 5	(14,296)	(13,559)
Other operating income		<u>7</u>	<u>304</u>
Operating Profit		797	(5,478)
Net interest (payable) / receivable	6	(72)	104
Income from shares in group undertakings		<u>388</u>	<u>70</u>
Profit / (loss) on ordinary activities before taxation		1,113	(5,304)
Tax on profit on ordinary activities	7	<u>135</u>	<u>-</u>
Retained profit / (loss) for the financial year		<u><u>1,248</u></u>	<u><u>(5,304)</u></u>

There was no other comprehensive income in either year.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

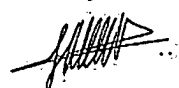
The notes on pages 13 to 24 form part of these financial statements.

Balance Sheet*at 31 March 2022*

	Note	31 March 2022		31 March 2021	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	8		12		18
Tangible assets	9		4,449		5,529
Investments	10		<u>100</u>		<u>100</u>
			4,561		5,647
Current assets					
Debtors	11	21,671		16,790	
Cash at bank and in hand		<u>5,232</u>		<u>1,107</u>	
		26,903		17,897	
Creditors: amounts falling due within one year	12	<u>(25,246)</u>		<u>(18,344)</u>	
Net current assets			1,657		(447)
Total assets less current liabilities			<u>6,217</u>		<u>5,200</u>
Creditors: amounts falling due after more than one year	13		<u>(1,925)</u>		<u>(2,357)</u>
Provisions for liabilities and charges	15		<u>(1,538)</u>		<u>(1,337)</u>
Net assets/(liabilities)			<u>2,754</u>		<u>(1,506)</u>
Capital and reserves					
Called up share capital	14		57,123		57,123
Share premium account			2,317		2,317
Profit and loss account			<u>(56,686)</u>		<u>(57,934)</u>
Total shareholders' funds			<u>2,754</u>		<u>(1,506)</u>

The notes on pages 13 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on 23 November 2022 and were signed on its behalf by:



S Whittingham
Director

Statement of Changes in Equity for the year ended 31 March 2022

	Called up Share Capital	Share Premium account	Profit and loss account	Total
	£000	£000	£000	£000
Balance at 1 April 2020	48,123	2,317	(52,630)	(2,190)
Loss for the year	-	-	(5,304)	(5,304)
Total comprehensive loss for the period	-	-	(5,304)	(5,304)
Issue of shares	9,000	-	-	9,000
Balance at 31 March 2021	57,123	2,317	(57,934)	1,506
Profit for the year	-	-	1,248	1,248
Total comprehensive profit for the period	-	-	1,248	1,248
Issue of shares	-	-	-	-
Balance at 31 March 2022	57,123	2,317	(56,686)	2,754

The notes on pages 13 to 24 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Toll Global Forwarding Group (UK) Limited (the “Company”) is a private company incorporated, domiciled and registered in England in the UK. The registered number is 02924145 and the registered address is 672 Spur Road, North Feltham Trading Estate, Feltham, England, TW14 0SL.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s ultimate parent undertaking, Japan Post Holdings Co, a company incorporated in Japan, includes the Company in its consolidated financial statements. The consolidated financial statements of Toll Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Japan Post Holdings Co., Ltd., 1-3-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8798.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cashflow statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets.
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;

As the consolidated financial statements of Japan Post Holdings Co., Ltd include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies (continued)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis

1.2 Going Concern

The directors have a reasonable expectation that the company adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The financial statements have been prepared on the going concern basis, with net current assets of £ 1,657k and a cash balance of £5,232k as at 31 March 2022, which the directors believe to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for the period up to March 2024 in order to assess going concern which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due during the going concern assessment period.

There are no plans to fundamentally change the nature of the entity or cease its operations as part of the Toll group of companies. There are no plans to liquidate this entity within the next 12 months and therefore have prepared the financial statements on a going concern basis.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis

1.3 Turnover

The principal operation of the Company is the provision of a freight forwarding service, the turnover of which is all generated from the UK.

Revenue is recognised as follows:

- Date of departure for export shipments and consolidated jobs.
- Arrive date for import shipments and consolidated jobs, including domestic.
- Where international freight is part of an import shipment, this will be recognised at departure.

Revenue shall be recognised when or as performance obligations are satisfied by transferring control of a promised service to the customer. Control is deemed to transfer at a particular point in time dependent on the type of shipment/job.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1.5 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 Tangible fixed assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- buildings 10-50 years
- plant and equipment 2-10 years
- fixtures and fittings 2.5-40 years
- leasehold improvements 4 years
- computer equipment 3-4 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.7 Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- *Software 3 years*

1.8 Non-derivative financial instruments

Non-derivative financial instruments comprise investment in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investment in debt and equity securities

Investments in subsidiaries are carried at cost less impairment.

Loans and borrowings

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Investments

Investments in joint ventures, associates and subsidiaries are carried at cost less impairment.

1.9 Accounting estimates and judgments

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

*Notes (continued)
forming part of the financial statements*

1.10 Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

1.11 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16.

As a lessee

The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position

1.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.13 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.14 Expected Credit Loss

IFRS 9 replaced the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. A provision for expected credit loss is formed based on historic client delinquencies which the management adjust for based on changes in the macro economic environment, operational reasons and client portfolio.

Notes (continued)**2 Turnover**

	31 March 2022	31 March 2021
	£000	£000
Provision of services	<u>112,281</u>	<u>47,086</u>
Sales by geographical market:		
United Kingdom	110,923	47,228
Europe	<u>1,358</u>	<u>578</u>
	<u>112,281</u>	<u>47,086</u>

3 Expenses and auditors' remuneration

	31 March 2022	31 March 2021
	£000	£000
Included in the loss are the following:		
Restructuring costs	-	3,273
Write off of tangible fixed assets (see note 9)	757	112
Audit of these financial statements	118	56
Depreciation (see note 9)	597	1,448
Amortisation	6	57
Exchange gains/(losses) (net)	(896)	118

4 Remuneration of directors

	31 March 2022	31 March 2021
	£000	£000
Aggregate emoluments	153	107
Aggregate amounts paid to a defined contribution pensions scheme	<u>12</u>	<u>10</u>
	<u>165</u>	<u>117</u>

The number of directors who during the year had retirement benefits accruing under a money purchase scheme was 1 (2021: 1).

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £153,000 (2021: £107,000), and company pension contributions of £11,644 (2021: £10,450) were made to a money purchase scheme on their behalf.

Notes (continued)**5 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	31 March	31 March
	2022	2021
Administration staff	93	97
Warehouse and logistics staff	37	34
	<u>130</u>	<u>131</u>

The aggregate payroll costs of these persons were as follows:

	31 March	31 March
	2022	2021
	£000	£000
Wages and salaries	5,751	5,606
Social security costs	584	473
Other pension costs (note 16)	178	182
	<u>6,513</u>	<u>6,261</u>

6 Net interest (payable) / receivable

	31 March	31 March
	2022	2021
	£000	£000
Bank interest (payable) / receivable	(72)	104
	<u>(72)</u>	<u>104</u>

Notes (continued)

7 Taxation

Recognised in the profit and loss account	31 March 2022 £000	31 March 2021 £000
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Payments made / (received) for group relief	(135)	-
Tax on profit on ordinary activities	(135)	-
	31 March 2022 £000	31 March 2021 £000
Reconciliation of total tax rate		
Profit/(loss) for the year	1,248	(5,304)
Total tax credit / (expense)	135	-
Profit / (Loss) excluding taxation	1,113	(5,304)
Tax using the UK corporation tax rate of 19% (2021: 19%)	211	(1,008)
Effects of:		
Group relief surrendered free of charge	-	66
Non-taxable income	(84)	12
Non-deductable expenses	11	26
Amounts not recognised	(274)	904
Total tax expense	135	-

Factors that may affect future current and total tax charges

The standard rate of tax applied to reported profit on ordinary activities is 19% (2021: 19%). The March 2021 Budget announced an increase in corporation tax rate to 25% from 1 April 2023 which was substantively enacted on 24 May 2021. The Company's deferred tax balances are measured using the corporation tax rates that have been enacted or substantively enacted at the statement of financial position date (25%), based on the periods in which the temporary differences are forecast to reverse.

There is an unrecognised deferred tax asset of £10,082,939 (2021: £8,577,000) in respect of capital allowances £338,616 (2021: £409,785), losses £9,508,759 (2021: £8,011,746) and short term timing differences £235,565 (2021: £155,469). This has not been recognised as future taxable profits are not considered probable.

Notes (continued)

8 Intangible fixed assets

	Software £000
Cost	
At beginning of the year	1,033
Additions	-
At end of the year	1,033
Amortisation	
At beginning of year	1,015
Charge for the year	6
At end of year	1,021
Net book value	
At 31 March 2022	12
At 31 March 2021	18

Amortisation charge

31 March
2022
£000

31 March
2021
£000

Administrative expenses

6

57

9 Tangible fixed assets

	Property £000	Leasehold improvements £000	Motor vehicles £000	Computer Equipment £000	Furniture fittings and office equipment £000	Total £000
Cost						
At beginning of year	5,932	3,049	763	1,521	2,196	13,461
Additions	-	170	-	102	2	274
Disposals / Adjustments	-	(757)	-	-	-	(757)
At end of year	5,932	2,462	763	1,623	2,199	12,979
Depreciation and impairment						
At beginning of year	1,774	1,851	707	1,404	2,196	7,932
Charge for year	293	165	53	87	0	597
Disposals / Adjustments	-	-	-	-	-	-
At end of year	2,067	2,016	760	1,491	2,196	8,529
Net book value						
At 31 March 2022	3,865	447	3	132	2	4,449
At 31 March 2021	4,158	1,198	56	117	-	5,529

Notes (continued)

9 Tangible fixed assets

Right-of-use assets

At 31 March 2022, property, plant and equipment includes right-of-use assets as follows:

	Property £000	Leasehold improvements £000	Motor vehicles £000	Computer Equipment £000	Furniture and Fittings £000	Total £000
Right-of-use asset At 31 March 2022	1,685	-	0	-	-	1,685

Security

The Company has £189,000 (2021: £143,000) held in deposits as security against current leases.

10 Fixed asset investments

	31 March 2022 £000	31 March 2021 £000
Cost		
At beginning of the period	100	100
At the beginning and end of the year	100	100

Subsidiary undertakings:

Company	Principal activity	Percentage of ordinary shares held
TGF Unique Limited	Freight & Logistics	50.01%
Toll Supply Chain Solutions (UK) Limited	Logistics	100%

Registered address for the companies above is:

672 Spur Road, North Feltham Trading Estate, Feltham, England, TW14 0SL

11 Debtors

	31 March 2022 £000	31 March 2021 £000
Trade Debtors	12,711	9,895
Amounts falling due from group undertakings (see note 17)	1,377	2,531
Other debtors	51	867
Prepayments and accrued income	7,532	3,497
	21,671	16,790

Amounts due from group undertakings are interest free and repayable on demand.

Notes (continued)**12 Creditors: amounts falling due within one year**

	31 March 2022 £000	31 March 2021 £000
Bank loans and overdrafts	2,500	2,500
Lease liabilities - current	564	541
Trade creditors	6,475	3,284
Amounts due to group undertakings (see note 17)	3,923	1,770
Loan from group undertakings (see note 17)	2,061	2,061
Accruals and deferred income	9,723	8,188
	<u>25,246</u>	<u>18,344</u>

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

Loans from group undertakings are unsecured with interest rate at 2.5% and 1% fixed plus LIBOR with a principle of £2,060,219 being interest bearing. The loans have no fixed date of repayment.

13 Creditors: amounts falling due after more than one year

	31 March 2022 £000	31 March 2021 £000
Lease liabilities	<u>1,925</u>	<u>2,357</u>

14 Called upon share capital

	31 March 2022 £000	31 March 2021 £000
<i>Allotted, called up and fully paid</i>		
571,227,690,000 (2021: 571,227,690,000) ordinary shares of £0.01 each	<u>57,123</u>	<u>57,123</u>

15 Provision for liabilities and charges

	Dilapidations £000	Other £000	Total £000
Balance at 1 April 2021	818	519	1,337
Provisions made during the year	130	713	843
Provisions used during the year	(6)	(636)	(642)
Balance at 31 March 2022	<u>942</u>	<u>596</u>	<u>1,538</u>

Provisions made during the year ended 31 March 2022 are principally for dilapidations relating to leases entered by the Company. Other dilapidations include provisions for sales and contractual pay and corporate recharges. Dilapidation provisions are expected to be utilised in three to five years.

Notes (continued)

16 Employee benefits

Defined contribution plans

During the year to 31 March 2022 the Company operated a defined contribution pension scheme. This scheme covers the majority of the employees. The pension cost of £178,000 (2021: £182,000) in respect of the defined contribution pension scheme represents the contributions payable to the pension scheme in respect of the accounting year

The Company is a subsidiary of Toll Group (UK) Limited. The directors consider the ultimate parent undertaking to be Japan Post Holdings Co., Ltd., a public company incorporated in Japan and listed in the Tokyo Stock Exchange.

The smallest group for which financial statements are prepared, and of which the Company is a member of is Toll Global Forwarding Limited and consolidated financial statements can be obtained from Toll Global Forwarding Limited, 30/F. Tower Two, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon Hong Kong.

The largest group for which financial statements are prepared, and of which the Company is a member of is Japan Post Holdings Co., Ltd. and consolidated financial statements can be obtained from Japan Post Holdings Co., Ltd., 1-3-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8798.

17 Related parties

Other related party transactions

	Receivables outstanding 31-Mar-22 £000	Creditors outstanding 31-Mar-22 £000	Receivables outstanding 31-Mar-21 £000	Creditors outstanding 31-Mar-21 £000
Toll Global Forwarding (S) Pte. Ltd	15	1,844	189	-
Toll Global Forwarding (Beijing) Ltd	10	611	30	450
Toll Global Forwarding (Usa) Inc.	133	473	214	209
Toll Global Forwarding (Australia) Sydney	25	433	24	2
Toll Global Forwarding Pty Ltd	265	7	306	4
Toll Global Forwarding (Netherlands) Bv	88	167	96	69
Toll Global Forwarding (Hong Kong) Limited	66	46	64	231
TGF Unique Ltd	418	-	360	-
Other related parties	357	342	1,248	805
	<u>1,377</u>	<u>3,923</u>	<u>2,531</u>	<u>1,770</u>
<i>Loans due to related parties</i>				
Toll Global Forwarding (UK) Limited	-	2,061	-	2,061
	<u>-</u>	<u>2,061</u>	<u>-</u>	<u>2,061</u>

18 Commitments

There were no capital commitments in the year.

19 Contingencies

Guarantees held by the Company at during the year ended 31 March 2022 included £65,000 for beneficiary IATA, and £4,770,000 held for HM Revenue and Customs.