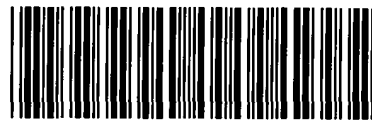


COMPANY REGISTRATION NUMBER: 04441445

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED
FINANCIAL STATEMENTS
31 MAY 2020

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FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

FINANCIAL STATEMENTS

Year ended 31 May 2020

CONTENTS

PAGE

Officers and professional advisers

1

Strategic report

2

Directors' report

3

Independent auditor's report to the members

5

Profit and loss account

9

Balance sheet

10

Notes to the financial statements

11

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr G Tomlinson
Mr M A Tomlinson
Mrs L S Tomlinson

Registered office

South Wales International FL Terminal
Newlands Road
Wentloog
Cardiff
CF3 2EU

Auditor

Kilsby & Williams LLP
Chartered Accountants & statutory auditor
Cedar House
Hazel Drive
Newport
NP10 8FY

Bankers

National Westminster Bank PLC
117 St Mary Street
Cardiff
CF10 1LG

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

STRATEGIC REPORT

Year ended 31 May 2020

The results for the year and the financial position at the year-end are considered satisfactory by the directors.

PRINCIPAL ACTIVITY

Freight Systems Express (Wales) Limited is a leading company based in South Wales offering worldwide freight services, intermodal and UK distribution services with in the UK & worldwide Freight services.

REVIEW OF BUSINESS

We aim to present a balanced and comprehensive review of the development and performance of the company during the year and its position at the year end. Our review is consistent with the size and nature of our business in the context of the risks and uncertainties we face.

We consider that our key performance indicators are those that communicate the financial performance and strength of the company, being turnover, gross and operating margin, and return of capital employed.

	2020	2019
	£	£
Turnover	14,059,184	12,909,321
Gross Profit(%)	5.01	8.77
EBITDA	132,637	450,374

PRINCIPAL RISKS AND UNCERTAINTIES

As for many businesses in the haulage sector, the environment in which we operate has been and continues to be challenging especially with the added factor of Covid-19.

This year has been a challenging year, we lost a major customer halfway through the year, the customer has since come back to us. We made an operational decision to close our Northampton branch after 18 months as it was making substantial losses with all administration returning to Cardiff. During the year another customer entered administration with a debtor balance £98k which was written off. Considering these challenges we have faced, we feel the company is well placed to have a successful year to May 2021.

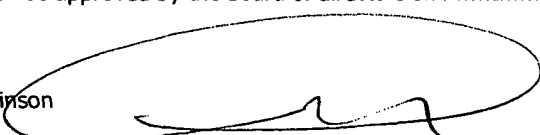
We continue to monitor costs and feel the company has a strong asset and customer base with consistent gross margins and believe it is well placed to prosper in the improving economic environment

We have also recently expanded our fleet of trucks and have added some key personnel which will increase the services FSEW provides to both new and existing customers.

FSEW will in the coming 12 months to position itself as a market leader in the decarbonisation of heavy fleet.

This report was approved by the board of directors on 15/07/2021..... and signed on behalf of the board by:

Mr G Tomlinson
Director



FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

DIRECTORS' REPORT

Year ended 31 May 2020

The directors present their report and the financial statements of the company for the year ended 31 May 2020.

Directors

The directors who served the company during the year were as follows:

Mr G Tomlinson
Mr M A Tomlinson
Mrs L S Tomlinson

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

DIRECTORS' REPORT *(continued)*

Year ended 31 May 2020

This report was approved by the board of directors on 15/07/2021 and signed on behalf of the board by:

Mr G Tomlinson
Director

A handwritten signature in black ink, consisting of a large, loopy 'G' followed by 'Tomlinson' in a cursive script.



**KILSBY
WILLIAMS**
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

Year ended 31 May 2020

Opinion

We have audited the financial statements of Freight Systems Express (Wales) Limited (the 'company') for the year ended 31 May 2020 which comprise the profit and loss account, balance sheet 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.



**KILSBY
WILLIAMS**
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FREIGHT
SYSTEMS EXPRESS (WALES) LIMITED *(continued)***

Year ended 31 May 2020

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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



**KILSBY
WILLIAMS**
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FREIGHT
SYSTEMS EXPRESS (WALES) LIMITED *(continued)***

Year ended 31 May 2020

statements that are free from material misstatement, whether due to fraud or error.

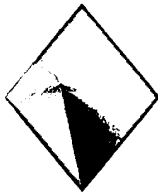
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**KILSBY
WILLIAMS**
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FREIGHT
SYSTEMS EXPRESS (WALES) LIMITED** *(continued)*

Year ended 31 May 2020

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 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.

Simon Tee & Williams LLP 16th July 2021

Simon Tee (Senior Statutory Auditor)

For and on behalf of

Kilsby & Williams LLP
Chartered Accountants & statutory auditor
Cedar House
Hazell Drive
Newport
NP10 8FY

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 May 2020

	Note	2020 £	2019 £
TURNOVER	5	14,059,184	12,909,321
Cost of sales		(13,354,758)	(11,776,664)
GROSS PROFIT		<u>704,426</u>	<u>1,132,657</u>
Administrative expenses		(789,658)	(779,455)
Other operating income	6	<u>80,690</u>	<u>-</u>
OPERATING (LOSS)/PROFIT	7	<u>(4,542)</u>	<u>353,202</u>
Other interest receivable and similar income	11	189	380
Interest payable and similar expenses		(24,163)	(14,593)
(LOSS)/PROFIT BEFORE TAXATION		<u>(28,516)</u>	<u>338,989</u>
Tax on (loss)/profit	12	<u>68,057</u>	<u>(60,469)</u>
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u><u>39,541</u></u>	<u><u>278,520</u></u>
Dividends paid and payable	13	(267,568)	(190,768)
RETAINED EARNINGS AT THE START OF THE YEAR		<u>611,024</u>	<u>523,272</u>
RETAINED EARNINGS AT THE END OF THE YEAR		<u><u>382,997</u></u>	<u><u>611,024</u></u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 21 form part of these financial statements.

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

BALANCE SHEET

31 May 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	14	827,973	733,315
CURRENT ASSETS			
Debtors	15	2,193,078	2,810,548
Cash at bank and in hand		721,398	520,377
		2,914,476	3,330,925
CREDITORS: amounts falling due within one year	16	(2,248,659)	(2,897,610)
NET CURRENT ASSETS		665,817	433,315
TOTAL ASSETS LESS CURRENT LIABILITIES		1,493,790	1,166,630
CREDITORS: amounts falling due after more than one year	17	(952,933)	(430,426)
PROVISIONS	19	(152,860)	(120,180)
NET ASSETS		387,997	616,024
CAPITAL AND RESERVES			
Called up share capital	23	5,000	5,000
Profit and loss account		382,997	611,024
SHAREHOLDERS FUNDS		387,997	616,024

These financial statements were approved by the board of directors and authorised for issue on 15/07/2021, and are signed on behalf of the board by:

Mr G Tomlinson
Director

Company registration number: 04441445

The notes on pages 11 to 21 form part of these financial statements.

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2020

3. ACCOUNTING POLICIES *(continued)*

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is South Wales International FL Terminal, Newlands Road, Wentloog, Cardiff, CF3 2EU.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Freight System Express (Wales) Limited which can be obtained from Companies House, Crown Way, Cardiff, CF14 3UX. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) Disclosures in respect of share-based payments have not been presented.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2020

3. ACCOUNTING POLICIES *(continued)*

comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Office Fixtures & Equipment	-	25% straight line
Plant & Haulage Equipment	-	12% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2020

3. ACCOUNTING POLICIES *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2020

3. ACCOUNTING POLICIES *(continued)*

best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2020

4. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Corporation tax and deferred tax

The calculation of the Company's tax charge necessarily involves a degree of estimation and judgement in respect of certain items. In calculating the Company's tax charge, there are inherent assumptions made around assets which qualify for capital allowances as well as the level of expenses which are disallowable for corporation tax purposes.

Further judgement is required in relation to any deferred tax assets which may arise as the recoverability of these assets is reliant on future taxable profits. Deferred tax liabilities are calculated based on the Company's expectation regarding the manner and timing of the recovery of the related assets.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic life of tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated economic lives and residual values of the assets. The useful lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of tangible fixed assets

Management conduct impairment tests where there is an indication of impairment of an asset. When reviewing the need for impairment, management considers external sources such as market value declines, increase in market interest rates and negative economic changes, as well as internal sources such as obsolescence or physical damage to the economic performance of the asset.

5. TURNOVER

Turnover arises from:

	2020	2019
	£	£
Rendering of services	<u>14,059,184</u>	<u>12,909,321</u>

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2020

5. TURNOVER *(continued)*

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

6. OTHER OPERATING INCOME

	2020	2019
	£	£
Government grant income	<u>80,690</u>	<u>-</u>

7. OPERATING PROFIT

Operating profit or loss is stated after charging/crediting:

	2020	2019
	£	£
Depreciation of tangible assets	137,180	97,174
Gains on disposal of tangible assets	(7,542)	(1,609)
Impairment of trade debtors	103,686	3,949
Foreign exchange differences	<u>(49,144)</u>	<u>10,815</u>

8. AUDITOR'S REMUNERATION

	2020	2019
	£	£
Fees payable for the audit of the financial statements	<u>8,500</u>	<u>-</u>

9. STAFF COSTS

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020	2019
	No.	No.
Distribution staff	62	54
Administrative staff	6	6
Management staff	2	2
	<u>70</u>	<u>62</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020	2019
	£	£
Wages and salaries	2,258,463	1,818,518
Other pension costs	47,689	48,063
	<u>2,306,152</u>	<u>1,866,581</u>

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2020

10. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	<u>27,304</u>	<u>30,357</u>

11. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£	£
Interest on cash and cash equivalents	<u>189</u>	<u>380</u>

12. TAX ON (LOSS)/PROFIT

Major components of tax (income)/expense

	2020	2019
	£	£
Current tax:		
UK current tax income	(64,346)	(8,274)
Adjustments in respect of prior periods	(36,391)	21
Total current tax	<u>(100,737)</u>	<u>(8,253)</u>
Deferred tax:		
Origination and reversal of timing differences	32,680	68,722
Tax on (loss)/profit	<u>(68,057)</u>	<u>60,469</u>

Reconciliation of tax (income)/expense

The tax assessed on the (loss)/profit on ordinary activities for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019
	£	£
(Loss)/profit on ordinary activities before taxation	(28,516)	338,989
(Loss)/profit on ordinary activities by rate of tax	(5,418)	64,408
Adjustment to tax charge in respect of prior periods	(36,391)	21
Effect of expenses not deductible for tax purposes	5,639	4,125
Effect of different UK tax rates on some earnings	14,139	(8,085)
ATL R&D tax charge	(46,026)	-
Tax on (loss)/profit	<u>(68,057)</u>	<u>60,469</u>

13. DIVIDENDS

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2020	2019
	£	£
Dividends on A ordinary shares	<u>267,568</u>	<u>190,768</u>

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2020

14. TANGIBLE ASSETS

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 June 2019	28,278	1,028,145	1,056,423
Additions	9,327	268,570	277,897
Disposals	—	(157,920)	(157,920)
At 31 May 2020	37,605	1,138,795	1,176,400
Depreciation			
At 1 June 2019	19,335	303,773	323,108
Charge for the year	6,350	130,830	137,180
Disposals	—	(111,861)	(111,861)
At 31 May 2020	25,685	322,742	348,427
Carrying amount			
At 31 May 2020	11,920	816,053	827,973
At 31 May 2019	8,943	724,372	733,315

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £
At 31 May 2020	805,789
At 31 May 2019	658,574

15. DEBTORS

	2020 £	2019 £
Trade debtors	944,059	1,787,510
Amounts owed by group undertakings	811,300	811,300
Prepayments and accrued income	151,417	68,212
Corporation tax repayable	109,011	—
Directors loan account	98,735	101,608
Other debtors	78,556	41,918
	2,193,078	2,810,548

Trade debtors of £450,800 (2019-£1,188,607) are pledged as security for the company's trade finance agreement.

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2020

16. CREDITORS: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	1,190,419	1,310,668
Accruals and deferred income	31,003	40,888
Social security and other taxes	350,562	146,880
Obligations under finance leases and hire purchase contracts	191,716	210,567
Other creditors	484,959	1,188,607
	<u>2,248,659</u>	<u>2,897,610</u>

The balance included in other creditors for trade finance agreements of £450,800 (2019 £1,188,607) is secured upon the book debts of the company.

The following liabilities disclosed under creditors falling due within one year are secured on the assets it relates to:

Hire purchase and finance lease agreements	<u>191,716</u>	<u>210,567</u>
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17. CREDITORS: amounts falling due after more than one year

	2020	2019
	£	£
Bank loans and overdrafts	500,000	—
Obligations under finance leases and hire purchase contracts	452,933	430,426
	<u>952,933</u>	<u>430,426</u>

The following liabilities disclosed under creditors falling due within one year are secured on the assets it relates to:

Hire purchase and finance lease agreements	<u>452,933</u>	<u>430,426</u>
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18. FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2020	2019
	£	£
Not later than 1 year	191,716	210,567
Later than 1 year and not later than 5 years	452,933	430,426
	<u>644,649</u>	<u>640,993</u>

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2020

19. PROVISIONS

	Deferred tax (note 20) £
At 1 June 2019	120,180
Additions	32,680
At 31 May 2020	<u>152,860</u>

20. DEFERRED TAX

The deferred tax included in the balance sheet is as follows:

	2020 £	2019 £
Included in provisions (note 19)	<u>152,860</u>	<u>120,180</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020 £	2019 £
Accelerated capital allowances	<u>152,860</u>	<u>120,180</u>

21. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £35,189 (2019: £31,563).

22. GOVERNMENT GRANTS

The amounts recognised in the financial statements for government grants are as follows:

	2020 £	2019 £
Recognised in other operating income:		
Government grants recognised directly in income	<u>80,690</u>	<u>-</u>

23. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
A Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

FREIGHT SYSTEMS EXPRESS (WALES) LIMITED

DETAILED PROFIT AND LOSS ACCOUNT *(continued)*

Year ended 31 May 2020

24. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Not later than 1 year	530,003	532,079
Later than 1 year and not later than 5 years	244,939	731,428
	<u>774,942</u>	<u>1,263,507</u>

25. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

Included within debtors are balances amounting to £98,735 (2019 - £101,608) which are due from the directors.

These balances are interest free and repayable on demand.

The following transactions took place between the directors and the company during the year:

	G M	L S
	Tomlinson	Tomlinson
	£	£
Opening balance	94,763	6,845
Amounts repaid	(190,767)	(9,748)
Drawings	187,894	9,748
Closing balance	91,890	6,845

26. RELATED PARTY TRANSACTIONS

The company is under the control of the directors Mr G M Tomlinson, Mr M A Tomlinson and Ms L S Tomlinson by virtue of their shareholdings in the ultimate parent company.

Included within other debtors is a balance of £811,300 (2019 - £811,300) due from the ultimate parent company Freight Systems Express (Wales) Holdings Limited.

27. CONTROLLING PARTY

The ultimate parent undertaking is Freight Systems Express (Wales) Holdings Limited, a company registered in England and Wales.