

COMPANY REGISTRATION NUMBER 09854153

DENHOLM UK LOGISTICS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2022



DENHOLM UK LOGISTICS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

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DENHOLM UK LOGISTICS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

J N W Denholm
K J Hall
M K Hall
M Critchley (Appointed 1 March 2022)
A M Vaughton (Appointed 1 March 2022)

Secretary

C D G Daniels

Registered office

2nd Floor
5 St. Paul's Square
Old Hall Street
Liverpool
L3 9SJ

Independent auditor

BDO LLP
Chartered Accountants and Statutory Auditor
2 Atlantic Quay
31 York Street
Glasgow
G2 8NJ

DENHOLM UK LOGISTICS LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2022

The directors in preparing this strategic report have complied with s414C of the Companies Act 2006.

Business review

During the year, the company's principal activities were handling, storage and distribution services.

The company's key performance indicators are gross profit and operating profit. Gross profit for the year amounted to £6,984,777 (2021 - £6,114,968) and operating profit amounted to £2,477,068 (2021 - £1,944,832). The company's year end balance sheet reported net assets of £5,942,444 (2021 - £5,670,034).

The improved performance in the current year was driven by higher handling volumes, increased storage utilisation levels, and strong levels of transportation activities.

Financial risk management

The company's principal risks and uncertainties relate to economic factors such as the strength of the UK and worldwide economy, together with the performance of customers and competitors.

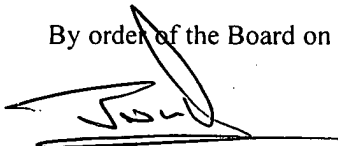
The company's principal financial assets are bank balances and trade debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The company has a relatively diverse credit risk, with exposure spread over a reasonable number of customers. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company's principal financial liabilities are trade creditors and its group loan, in respect of which interest is applied at a fixed rate.

Future developments

2022 was a positive and profitable year for the company. The effects of increased inflation and the indirect impact of the ongoing conflict in Ukraine are expected to have an impact on trading conditions for the business, however the directors are confident that the short and long term outlook for the business, remains a very positive one.

By order of the Board on 12 June 2023.



J N W Denholm
Director

DENHOLM UK LOGISTICS LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2022

The directors submit their report and the financial statements of the company for the year ended 31 December 2022.

Company number

The company is registered in England and Wales (company number 09854153).

Principal activities

The principal activities are the provision of handling, storage and distribution services.

Results and dividends

The profit for the year after taxation was £1,772,410 (2021 - £1,323,720).

The directors declared and the company paid a dividend of £1,500,000 for the year ended 31 December 2022 (2021 - £500,000).

Directors

The directors who served the company during the year and to the date of this report are listed on page 1.

Financial risk management and future developments

Please refer to the strategic report for information on the company's financial risk management and future developments.

Employment policies

The company's employment policies are built around Fairness, Achievement, Integrity and Respect as set out in the Denholm Standard for employment.

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. 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), including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland". The financial statements are required by law to 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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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.

Disclosure of information to auditor

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Each of the directors have taken such steps as they should have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

DENHOLM UK LOGISTICS LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2022

Going concern

The directors having considered the company's forecasts, cash resources, facilities, and projected costs (based on a range of possible outcomes), have concluded that there is no material uncertainty arising in relation to going concern and that the company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future and to meet its obligations as they fall due. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

By order of the Board on 12 June 2023.

A handwritten signature in black ink, appearing to read 'J N W Denholm', with a long horizontal flourish extending to the right.

J N W DENHOLM
Director

DENHOLM UK LOGISTICS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DENHOLM UK LOGISTICS LIMITED
YEAR ENDED 31 DECEMBER 2022

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Denholm UK Logistics Limited ("the company") for the year ended 31 December 2022 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

DENHOLM UK LOGISTICS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DENHOLM UK LOGISTICS LIMITED *(continued)*
YEAR ENDED 31 DECEMBER 2022

Other Companies Act 2006 reporting

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

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

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 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 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The procedures that we designed and executed included:

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- reading minutes of meetings of those charged with governance; reviewing correspondence with legal advisors to identify indications of non-compliance with laws and regulations;

DENHOLM UK LOGISTICS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DENHOLM UK LOGISTICS LIMITED *(continued)*
YEAR ENDED 31 DECEMBER 2022

Extent to which the audit was capable of detecting irregularities, including fraud *(continued)*


- determining whether the accounting policies and presentation adopted in the financial statements are in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice);
- identifying whether there are instances of potential bias in areas with significant degrees of judgement such as carrying value of assets subject to impairment reviews;
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments and consider revenue recognition via cut off and review of manual entries;
- assessing whether the judgements made in accounting estimates are indicative of a potential bias;
- vouching balances and reconciling items in key control account reconciliations to supporting documentation as at 31 December 2022; and
- carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

DocuSigned by:

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Mark McCluskey (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Glasgow
United Kingdom

20 June 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

DENHOLM UK LOGISTICS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
TURNOVER	2	31,787,130	31,179,858
Cost of sales		(24,802,353)	(25,064,890)
GROSS PROFIT		6,984,777	6,114,968
Administrative expenses		(4,507,709)	(4,191,899)
Other operating income	3	-	21,763
OPERATING PROFIT	4	2,477,068	1,944,832
Interest receivable and similar income	7	33,383	493
Interest payable and similar charges	8	(296,143)	(293,192)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,214,308	1,652,133
Tax on profit on ordinary activities	9	(441,898)	(328,413)
PROFIT FOR THE FINANCIAL YEAR		1,772,410	1,323,720

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

Statement of other comprehensive income


There are no items of other comprehensive income other than the profit of £1,772,410 attributable to the shareholders for the year ended 31 December 2022 (2021 - £1,323,720). Accordingly, a statement of other comprehensive income is not presented.

The notes on pages 11 to 22 form part of these financial statements

DENHOLM UK LOGISTICS LIMITED
BALANCE SHEET
31 DECEMBER 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Intangible assets	11	3,690,279	4,473,612
Tangible assets	12	5,670,743	5,698,359
		<u>9,361,022</u>	<u>10,171,971</u>
CURRENT ASSETS			
Stocks	13	415,767	358,824
Debtors due within one year	14	6,169,872	7,124,769
Cash at bank and in hand		569,045	634,197
		<u>7,154,684</u>	<u>8,117,790</u>
CREDITORS: Amounts falling due within one year	15	(4,522,358)	(6,615,731)
NET CURRENT ASSETS		<u>2,632,326</u>	<u>1,502,059</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,993,348</u>	<u>11,674,030</u>
CREDITORS: Amounts falling due after more than one year	16	(6,000,000)	(6,000,000)
PROVISIONS FOR LIABILITIES			
Deferred taxation	17	(50,904)	(3,996)
NET ASSETS		<u>5,942,444</u>	<u>5,670,034</u>
CAPITAL AND RESERVES			
Called-up share capital	18	5,000,000	5,000,000
Profit and loss account	18	942,444	670,034
SHAREHOLDERS' FUNDS		<u>5,942,444</u>	<u>5,670,034</u>

These financial statements were approved by the Board on 12 June 2023.


J N W DENHOLM
Director

The notes on pages 11 to 22 form part of these financial statements.

DENHOLM UK LOGISTICS LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022

	Note	Called up share capital £	Profit and loss account £	Total £
As at 31 December 2020		5,000,000	(153,686)	4,846,314
Profit for the year		-	1,323,720	1,323,720
Dividends paid on equity shares	10	-	(500,000)	(500,000)
As at 31 December 2021		5,000,000	670,034	5,670,034
Profit for the year		-	1,772,410	1,772,410
Dividends paid on equity shares	10	-	(1,500,000)	(1,500,000)
As at 31 December 2022		5,000,000	942,444	5,942,444

The notes on pages 11 to 22 form part of these financial statements.

DENHOLM UK LOGISTICS LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES

Basis of accounting

Denholm UK Logistics Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1 and its principal activities are set out in the directors' report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. They have been prepared on the going concern basis, as explained in the directors' report. The company has taken advantage of the reduced disclosure exemptions as permitted by FRS 102 in preparing these financial statements as noted throughout these financial statements. This information is included in the consolidated financial statements of J. & J. Denholm Limited as at 31 December 2022 and these financial statements may be obtained from Companies House. The functional and presentational currency of Denholm UK Logistics Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The directors having considered the company's forecasts, cash resources, facilities, and projected costs (based on a range of possible outcomes), have concluded that there is no material uncertainty arising in relation to going concern and that the company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future and to meet its obligations as they fall due. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 102, Section 1 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent company includes the company in its consolidated financial statements.

Turnover

The turnover shown in the profit and loss account represents amounts earned during the year and is stated net of Value Added Tax. Turnover represents the fair value of consideration received or receivable from the provision of handling, storage and distribution services. In all cases, it is recognised in accordance with the contractual arrangements.

Intangible assets

Goodwill arising on the purchase of subsidiaries, joint ventures, associates and businesses is capitalised and written off on a straight line basis over its useful economic life, which is up to a maximum of ten years. Provision is made for any impairment where identified.

Other intangible assets acquired are capitalised at cost and amortised over their useful economic lives, which is typically between 5-10 years. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation, and any provision for impairment. Depreciation is calculated on a straight line basis to write off the cost less estimated residual value of tangible fixed assets over their anticipated useful lives as follows:

Freehold Property	- over 50 years
Leasehold Property	- over the lesser of the lease or up to 50 years
Plant & Machinery	- 4 - 10 years
Motor Vehicles	- over 4 years

Freehold land is not depreciated.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

DENHOLM UK LOGISTICS LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (*continued*)

Leases

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

Pension costs

Employees are entered into a defined contribution pension scheme and contributions to the scheme are charged to the profit and loss account as incurred.

Taxation

Current tax is provided at amounts expected to be paid (or received) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be argued as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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 company after deducting all of its liabilities.

The directors have taken advantage of the exemption in Financial Reporting Standard 102, Section 1 from including a detailed financial instruments note on the grounds that the company is a qualifying entity and detailed information on the financial instruments are included in the consolidated financial statements of the ultimate parent.

DENHOLM UK LOGISTICS LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (*continued*)

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs). If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at amortised cost, being the present value of the future payments, discounted at the market rate of interest for a similar debt instrument.

Debt instruments that are classified as payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when the contractual rights to the cash flows from the financial asset expire or are settled.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with a maturity date of 12 months or less.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements and estimates in applying the company's accounting policies

The following are the critical judgements and estimates, that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(a) Property, plant and equipment

Property, plant and equipment also represent a significant proportion of the asset base of the company being 34% (2021 - 31%) of the company's total assets. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the company's financial position and performance.

DENHOLM UK LOGISTICS LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES *(continued)*

Critical judgements and estimates in applying the company's accounting policies *(continued)*

(b) Operating leases

The company has entered into commercial leases as a lessee and obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

(c) Impairment of goodwill

The company carries out impairment reviews whenever events or changes in circumstance indicate that the carrying value of goodwill may not be recoverable. In addition, the company carries out an annual impairment review. An impairment loss is recognised when the recoverable amount of goodwill is less than the carrying amount. The impairment tests are carried out by assets and reflect the latest company projections.

The budgets are based on various assumptions relating to the company's outlook and prospects. These are discussed in the strategic report.

The value in use calculation requires an estimate to be made of the timing and of the amount of future cash flows to the asset and the application of a suitable discount rate in order to calculate the present value. A change in the assumptions selected by management and used in the cash flow projections could significantly affect the impairment calculation.

Coronavirus Job Retention Scheme Receipts

Payments received under the UK government's Coronavirus Job Retention Scheme are a form of grant. This grant money is receivable as compensation for expenses already incurred. It is recognised in income in the period in which it becomes receivable and the related expense is incurred.

2. TURNOVER

Turnover, stated exclusive of Value Added Tax, is derived from one continuing activity and represents amounts earned for handling, storage and distribution services.

	2022	2021
	£	£
Rendering of services	<u>31,787,130</u>	<u>31,179,858</u>

DENHOLM UK LOGISTICS LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

3. OTHER OPERATING INCOME

	2022	2021
	£	£
Profit on disposal of fixed assets	-	1,287
Coronavirus job retention scheme receipts	-	20,476
	<u>-</u>	<u>21,763</u>

Other operating income of £20,476 in 2021 related to payment received in the year via the UK government's Coronavirus Job Retention Scheme.

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Amortisation of other intangible fixed assets	783,333	783,333
Depreciation of tangible fixed assets	351,769	319,829
Auditor's remuneration - audit fees	22,038	16,859
Coronavirus job retention scheme receipts	-	(20,476)
Operating lease costs:		
Plant and equipment	2,668,926	2,407,649
Land and buildings	1,612,597	1,648,180

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2022	2021
	Number	Number
Management	3	2
Operations	152	127
Administrative	58	62
	<u>213</u>	<u>191</u>

The aggregate payroll costs of the above were:

	2022	2021
	£	£
Wages and salaries	7,059,971	5,739,717
Social security costs	746,234	572,067
Other pension costs (note 19)	320,646	258,128
	<u>8,126,851</u>	<u>6,569,912</u>

DENHOLM UK LOGISTICS LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

6. DIRECTORS' REMUNERATION

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

	2022	2021
	£	£
Remuneration receivable	130,214	60,968
Company pension contributions to money purchase schemes	14,608	7,559
	<u>144,822</u>	<u>68,527</u>

Remuneration of highest paid director:

	2022	2021
	£	£
Remuneration receivable	74,929	60,968
Company pension contributions to money purchase schemes	8,350	7,559
	<u>83,279</u>	<u>68,527</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2022	2021
	Number	Number
Money purchase schemes	<u>2</u>	<u>1</u>

Certain of the company's directors are remunerated by other group companies during the year and prior year and it is not practical to make an apportionment of remuneration in respect of services provided to this company, as a result none of the remuneration is included in the emoluments reported above.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£	£
Interest receivable on amounts due from group undertakings	32,499	224
Bank interest receivable	884	269
	<u>33,383</u>	<u>493</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
Interest payable on amounts due to group undertakings	296,004	293,192
Bank interest payable	139	-
	<u>296,143</u>	<u>293,192</u>

DENHOLM UK LOGISTICS LIMITED
NOTES TO FINANCIAL STATEMENTS
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9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax charge in the year

	2022	2021
	£	£
Current tax:		
In respect of the year		
UK Corporation tax based on the results for the year	401,993	311,497
Over provision in prior year	(7,003)	-
Total current tax	394,990	311,497
Deferred tax:		
Origination and reversal of timing differences	46,908	16,916
Tax on profit on ordinary activities	441,898	328,413

(b) Factors affecting current tax charge for the year:

The tax assessed on the profit on ordinary activities for the year is higher (2021 - higher) than the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are reconciled below:

	2022	2021
	£	£
Profit on ordinary activities before tax	2,214,308	1,652,133
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	420,719	313,905
Expenses not deductible for tax purposes	3,111	711
Depreciation on assets not qualifying for capital allowances	26,490	19,990
Differences in the deferred tax rate	10,329	959
Adjustment to tax charge in respect of prior periods	(3,132)	-
Capital allowance claimed on super deduction	(15,619)	(7,152)
Total tax charge	441,898	328,413

10. DIVIDENDS

	2022	2021
	£	£
Dividends paid £0.30 per share (2021 - £0.10)	1,500,000	500,000

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11. INTANGIBLE FIXED ASSETS

	Goodwill	Other	Total
	£	intangibles	£
Cost			
At 1 January 2022 and at 31 December 2022	395,286	6,500,000	6,895,286
Amortisation			
At 1 January 2022	395,286	2,026,388	2,421,674
Charge for the year	-	783,333	783,333
At 31 December 2022	395,286	2,809,721	3,205,007
Net Book Value			
At December 2022	-	3,690,279	3,690,279
At December 2021	-	4,473,612	4,473,612

12. TANGIBLE FIXED ASSETS

	Freehold	Leasehold	Plant &	Total
	Property	Property	Machinery	£
	£	£	£	
Cost				
At 1 January 2022	6,762,710	327,569	3,577,511	10,667,790
Additions	17,445	3,585	303,123	324,153
At 31 December 2022	6,780,155	331,154	3,880,634	10,991,943
Depreciation				
At 1 January 2022	1,788,138	232,297	2,948,996	4,969,431
Charge for the year	114,496	23,617	213,656	351,769
At 31 December 2022	1,902,634	255,914	3,162,652	5,321,200
Net Book Value				
At 31 December 2022	4,877,521	75,240	717,982	5,670,743
At 31 December 2021	4,974,572	95,272	628,515	5,698,359

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13. STOCKS

	2022	2021
	£	£
Consumables	415,767	358,824

14. DEBTORS: Amounts falling due within one year

	2022	2021
	£	£
Trade debtors	4,934,880	5,558,752
Amounts owed by group undertakings	450,493	342,601
Other debtors	88,172	262,693
Prepayments and accrued income	696,327	960,723
	6,169,872	7,124,769

The financial assets above are recorded at transaction price.

15. CREDITORS: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	2,072,388	2,713,471
Amounts owed to group undertakings	418,475	1,397,819
Corporation tax payable	401,993	245,187
Other creditors	383,638	487,801
Accruals and deferred income	1,245,864	1,771,453
	4,522,358	6,615,731

The financial liabilities above are recorded at transaction price. The debt instruments payable above are recorded at the undiscounted amount payable.

The amounts owed to group undertakings includes a loan from the immediate parent undertaking which bears interest at a fixed rate of 3.5% plus the Bank of England base rate and is repayable on demand.

16. CREDITORS: Amounts falling due after more than one year

	2022	2021
	£	£
Amounts owed to group undertakings	6,000,000	6,000,000

The amount owed to group undertakings after one year represents a loan from the immediate parent undertaking, which bears interest at a fixed rate of 3.5% (2021 - 3.5%) plus Bank of England base rate and is due for repayment by 30 June 2025. This loan is recorded at amortised cost.

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17. DEFERRED TAXATION

The movement in the deferred taxation account during the year was:

	2022	2021
	£	£
Balance brought forward	(3,996)	12,920
Profit and loss account movement arising during the year (note 9)	(46,908)	(16,916)
	<u>(50,904)</u>	<u>(3,996)</u>

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

	2022	2021
	£	£
Capital allowances in excess of accounting depreciation	(50,904)	(3,996)
	<u>(50,904)</u>	<u>(3,996)</u>

18. SHARE CAPITAL

Allotted, called up and fully paid:

	2022		2021	
	Number	£	Number	£
Ordinary shares of £1 each	5,000,000	5,000,000	5,000,000	5,000,000
	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>

The profit and loss account of £942,444 (2021 - £670,034) represents cumulative profits or losses, net of dividends paid and other adjustments.

19. PENSIONS

The company contributes to a defined contribution scheme for which the pension charge for the year amounted to £320,646 (2021 - £258,128).

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20. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2022 total future minimum lease payments under non-cancellable operating leases were as follows:

	2022		2021	
	Land and buildings £	Plant & Machinery £	Land and buildings £	Plant & Machinery £
Operating lease payments due:				
Within 1 year	625,000	1,160,049	625,000	1,114,861
Within 2 to 5 years	2,083,320	1,697,016	2,500,000	1,323,534
More than 5 years	-	9,975	156,250	86,147
	2,708,320	2,867,040	3,281,250	2,524,542

21. RELATED PARTY TRANSACTIONS

During the year the company entered into the following transactions, in the ordinary course of business, with related parties:

	Purchases from related party £	Sales to related party £	Trading balances owed to related party £	Trading balances owed from related party £
2022				
Related Party				
Denholm Port Services Limited *	-	187,416	-	11,294
	-	187,416	-	11,294
2021				
Related Party				
Denholm Port Services Limited *	-	276,588	-	31,447
	-	276,588	-	31,447

Companies marked * are fellow subsidiaries of J. & J. Denholm Limited

Transactions with entities in which the J. & J. Denholm Limited group of companies has 100% of the voting rights are not disclosed, as permitted by Section 33.1A of FRS 102.

In addition, advantage has been taken of the exemption under section 1.12 of FRS 102, from disclosing total remuneration of key management personnel, as the company is a wholly owned subsidiary of J. & J. Denholm Limited.

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22. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Denholm Logistics Group Limited, a company registered in England and Wales. The ultimate parent undertaking is J. & J. Denholm Limited. Copies of the accounts of J. & J. Denholm Limited, the largest and smallest group undertaking which consolidates the financial statements of the company, may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.