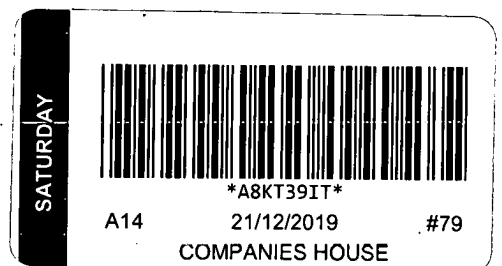


Registration number: 09923868

Hull Blyth & Company, Limited
Annual Report and Consolidated Financial Statements
for the Year Ended 31 December 2018



Hull Blyth & Company, Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 to 9
Consolidated Income Statement	10
Consolidated Statement of Comprehensive Income	11
Consolidated Statement of Financial Position	12 to 13
Statement of Financial Position	14
Consolidated Statement of Changes in Equity	15
Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17
Statement of Cash Flows	18
Notes to the Financial Statements	19 to 47

Hull Blyth & Company, Limited

Company Information

Directors

C M Baldwin
W P Clack
C D Hammock
C B Holm

Registered office

Lowin House
Tregolls Road
TRURO
Cornwall
TR1 2NA

Auditors

PKF Francis Clark
Lowin House
Tregolls Road
TRURO
Cornwall
TR1 2NA

Hull Blyth & Company, Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

Principal activity

The principal activity of the group headed by Hull Blyth & Company, Limited is that of a specialist ship agency and logistics provider serving the African continent. Hull Blyth & Company, Limited acts as a holding company to the wider group.

With a presence in the key locations of Ghana, Nigeria and South Africa, and throughout the wider continent with carefully selected partners, the group operates across West Africa, to crossing a border in Sahara, or assisting a bunker call at The Cape.

Fair review of the business

The Directors announce a loss for the year of \$764,320 (2017 - loss of \$986,788).

Revenue in the current year has fallen by 20.8% on the previous year to \$11.06m (2017 - \$13.96m), primarily as a result of reduced income in Ghana following the loss of two key clients due to takeovers and mergers within our client base. The gross profit margin has also weakened in the year by 6.2 percentage points to 75.2% (2017 - 81.4%).

Indirect costs (excluding impairment adjustments) have been well controlled in the current year, which has mitigated the reduction in gross profit margin leading to an operating loss of \$3,647k (2017 - \$1,091k). This includes a significant reduction in the administration costs at Group level.

Cash reserves in the group have risen on the prior year to \$4.9m (2017 - \$4.5m), due to favourable movements in working capital in the year. Trade debtors and trade creditors have seen an increase due to increased client activity in the Non Liner business.

The group's key financial and other performance indicators during the year were as follows:

	Unit	2018	2017
Revenue	000's	11,056	13,959
Gross profit margin	%	75.20	81.40
EBITDA	000's	(233)	(96)
Liner TEUS	No	10,748	35,871
Vessel calls	No	909	1,260
Empty Container Storage	No	66,123	53,900

There is increased positivity surrounding the business going into 2019, especially with regards to the business in Nigeria. Post year end performance show the group returning to profitability following improved revenue and continued control of costs.

Hull Blyth & Company, Limited

Strategic Report for the Year Ended 31 December 2018

Principal risks and uncertainties

The management of the business, and the execution of the group's strategy are subject to a number of risks which are proactively monitored throughout the year. The principal risks to the business model are:

Market competition

The group operates in a competitive market, with a number of participants. Market risk exists around this competition, and also around freight rates collapsing due to global trade deceleration and structural decline in demand for containerised transportation. There is also a risk that exists in relation to trade slow down due to lower GDP and trade wars / tariffs.

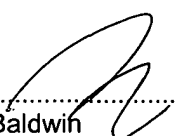
The Directors consider that by focusing on high quality customer service the group can continue to maintain its highly regarded place in the market.

Compliance with laws and regulations

The group is exposed to a number of laws and regulations as a result of the nature of its operations, and the different jurisdictions from which it trades. Non compliance with laws and regulations would have a reputational risk to the group, as well as leading to a risk of penalties or legal action.

The group is aware of its obligations with regards to regulatory compliance in the jurisdictions that it operates, which is monitored by the board. The group has policies in place to ensure full compliance with all aspects of the UK Bribery Act and the US Foreign and Corrupt Practices Act throughout its operations. More recently Hull Blyth has joined the Maritime Anti Corruption Network (MACN), which has a focus on the elimination of corruption in the industry through the promotion of effective internal risk management strategies.

Approved by the Board on 20.12.19..... and signed on its behalf by:


.....
C M Baldwin
Director

Hull Blyth & Company, Limited

Directors' Report for the Year Ended 31 December 2018

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

Directors' of the group

The directors, who held office during the year, were as follows:

C M Baldwin

W P Clack

C D Hammock (appointed 18 December 2018)

C B Holm

Dividend

The Directors do not recommend payment of a dividend.

Financial instruments

Objectives and policies

The group's activities expose it to a number of financial risks, including credit risk, cash flow risk and liquidity risk. The use and nature of financial instruments are determined by the directors in the context of trading terms made available to the group by customers and suppliers, with the objective of securing the liquidity and profitability of the group.

Price risk, credit risk, liquidity risk and cash flow risk

The group's principal financial instruments comprise bank balances and short term trade and other debtors and creditors.

Due to the nature of the financial instruments used by the group, there is limited exposure to price risk.

The group's policy in respect of credit risk is to obtain appropriate credit checks on potential customers before sales are made and to monitor payments against contractual agreements for existing customers.

Further detailed commentary with regards to the financial risk management policies of the group can be found within a note to the accounts.

Employment of disabled persons

The Group places considerable value on the involvement of its employees and regularly engages with them in order to keep them informed on matters affecting them as employees. This includes communicating with employees on the various factors that affect the performance of the group at entity level.

The Group has in house training facilities which are complemented as and when necessary with additional facilities from educational institutions for the training of its employees.

Hull Blyth & Company, Limited

Directors' Report for the Year Ended 31 December 2018

Employee involvement

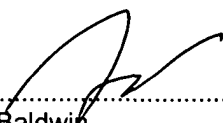
It is the Group and Company policy to promote diversity and offer everyone equal opportunities for employment. We welcome applications for employment from physically challenged persons, bearing in mind the respective aptitude and abilities of the applicants concerned.

In the event that a member of staff becomes physically challenged whilst in the employment of the Group, every effort is made to ensure that their employment within the Group continues and that appropriate training and support is given to them. It is the Group and Company's policy that, as far as possible, all employees are treated alike in the areas of training, career development and promotion.

Disclosure of information to the auditor

Each director has taken steps that they ought to 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. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 20.12.18 and signed on its behalf by:


.....
C M Baldwin
Director

Hull Blyth & Company, Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Hull Blyth & Company, Limited

Independent Auditor's Report to the Members of Hull Blyth & Company, Limited

Opinion

We have audited the financial statements of Hull Blyth & Company, Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group's or the parent 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.

Hull Blyth & Company, Limited

Independent Auditor's Report to the Members of Hull Blyth & Company, Limited

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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 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.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Hull Blyth & Company, Limited

Independent Auditor's Report to the Members of Hull Blyth & Company, Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 6], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

D Leslie

.....
Duncan Leslie ACA (Senior Statutory Auditor)
For and on behalf of PKF Francis Clark, Statutory Auditor

Lowin House
Tregolls Road
TRURO
Cornwall
TR1 2NA

Date: *20/12/2019*

Hull Blyth & Company, Limited

Consolidated Income Statement for the Year Ended 31 December 2018

	Note	2018 \$	2017 \$
Revenue	4	11,055,939	13,959,069
Cost of sales		<u>(2,737,017)</u>	<u>(2,596,720)</u>
Gross profit		8,318,922	11,362,349
Administrative expenses		<u>(9,194,722)</u>	<u>(12,453,367)</u>
Operating loss	5	(875,800)	(1,091,018)
Finance income		119,345	117,462
Finance costs		<u>(7,865)</u>	<u>(13,232)</u>
Loss before tax		(764,320)	(986,788)
Income tax (expense)/receipt	10	<u>(5,152)</u>	<u>325,702</u>
Loss for the year		<u>(769,472)</u>	<u>(661,086)</u>
Profit/(loss) attributable to:			
Owners of the company		(710,521)	(543,890)
Non-controlling interests		<u>(58,951)</u>	<u>(117,196)</u>
		<u>(769,472)</u>	<u>(661,086)</u>

The notes on pages 19 to 47 form an integral part of these financial statements.

Hull Blyth & Company, Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 \$	2017 \$
Loss for the year		(769,472)	(661,086)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gains/(losses)	5	<u>97,053</u>	<u>79,019</u>
Total comprehensive income for the year		<u>(672,419)</u>	<u>(582,067)</u>
Total comprehensive income attributable to:			
Owners of the company		(617,759)	(475,915)
Non-controlling interests		<u>(54,660)</u>	<u>(106,152)</u>
		<u>(672,419)</u>	<u>(582,067)</u>

The notes on pages 19 to 47 form an integral part of these financial statements.

Hull Blyth & Company, Limited

(Registration number: 09923868)

Consolidated Statement of Financial Position as at 31 December 2018

	Note	31 December 2018 \$	31 December 2017 \$
Assets			
Non-current assets			
Property, plant and equipment	11	325,351	1,049,592
Intangible assets	12	7,771,372	7,828,154
Deferred tax assets	10	896,380	687,845
		<u>8,993,103</u>	<u>9,565,591</u>
Current assets			
Inventories	14	526,525	548,115
Trade and other receivables	15	12,973,061	9,046,398
Income tax asset		198,806	-
Cash and cash equivalents	16	4,927,960	4,456,366
		<u>18,626,352</u>	<u>14,050,879</u>
Total assets		<u>27,619,455</u>	<u>23,616,470</u>

The notes on pages 19 to 47 form an integral part of these financial statements.

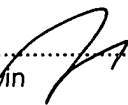
Hull Blyth & Company, Limited

(Registration number: 09923868)

Consolidated Statement of Financial Position as at 31 December 2018

	Note	31 December 2018 \$	31 December 2017 \$
Equity and liabilities			
Equity			
Share capital	17	(1)	(1)
Retained earnings		<u>(11,747,830)</u>	<u>(12,365,589)</u>
Equity attributable to owners of the company		(11,747,831)	(12,365,590)
Non-controlling interests		<u>(90,172)</u>	<u>(144,832)</u>
Total equity		<u>(11,838,003)</u>	<u>(12,510,422)</u>
Current liabilities			
Trade and other payables	22	(15,646,174)	(10,956,098)
Income tax liability		(102,362)	(88,336)
Provisions	21	<u>(32,916)</u>	<u>(61,614)</u>
		<u>(15,781,452)</u>	<u>(11,106,048)</u>
Total equity and liabilities		<u>(27,619,455)</u>	<u>(23,616,470)</u>

Approved by the Board on 20.12.19 and signed on its behalf by:

.....

 C M Baldwin
 Director

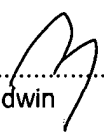
Hull Blyth & Company, Limited

(Registration number: 09923868)

Statement of Financial Position as at 31 December 2018

	Note	31 December 2018 \$	31 December 2017 \$
Assets			
Non-current assets			
Property, plant and equipment	11	-	12,636
Investments in subsidiaries, joint ventures and associates	13	1	1
		<u>1</u>	<u>12,637</u>
Current assets			
Trade and other receivables	15	<u>5,525,651</u>	<u>1,826,644</u>
Total assets		<u>5,525,652</u>	<u>1,839,281</u>
Equity and liabilities			
Equity			
Share capital	17	(1)	(1)
Retained earnings		<u>342,695</u>	<u>111,075</u>
Total equity		342,694	111,074
Current liabilities			
Trade and other payables	22	<u>(5,868,346)</u>	<u>(1,950,355)</u>
Total equity and liabilities		<u>(5,525,652)</u>	<u>(1,839,281)</u>

Approved by the Board on 20.12.19 and signed on its behalf by:


.....
C M Baldwin
Director

The notes on pages 19 to 47 form an integral part of these financial statements.

Hull Blyth & Company, Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital \$	Retained earnings \$	Total \$	Non- controlling interests \$	Total equity \$
At 1 January 2017	1	12,841,504	12,841,505	250,984	13,092,489
Loss for the year	-	(543,890)	(543,890)	(117,196)	(661,086)
Other comprehensive income	-	67,975	67,975	11,044	79,019
Total comprehensive income	-	(475,915)	(475,915)	(106,152)	(582,067)
At 31 December 2017	1	12,365,589	12,365,590	144,832	12,510,422

	Share capital \$	Retained earnings \$	Total \$	Non- controlling interests \$	Total equity \$
At 1 January 2018	1	12,387,517	12,387,518	144,832	12,532,350
Prior period adjustment	-	(21,928)	(21,928)	-	(21,928)
At 1 January 2018 (As restated)	1	12,365,589	12,365,590	144,832	12,510,422
Loss for the year	-	(710,521)	(710,521)	(58,951)	(769,472)
Other comprehensive income	-	92,762	92,762	4,291	97,053
Total comprehensive income	-	(617,759)	(617,759)	(54,660)	(672,419)
At 31 December 2018	1	11,747,830	11,747,831	90,172	11,838,003

The notes on pages 19 to 47 form an integral part of these financial statements.

Hull Blyth & Company, Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital \$	Retained earnings \$	Total \$
At 1 January 2017	1	-	1
Loss for the year	-	(111,075)	(111,075)
Total comprehensive income	-	(111,075)	(111,075)
At 31 December 2017	1	(111,075)	(111,074)

	Share capital \$	Retained earnings \$	Total \$
At 1 January 2018	1	(111,075)	(111,074)
Loss for the year	-	(231,620)	(231,620)
Total comprehensive income	-	(231,620)	(231,620)
At 31 December 2018	1	(342,695)	(342,694)

The notes on pages 19 to 47 form an integral part of these financial statements.

Hull Blyth & Company, Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Loss for the year		(769,472)	(661,086)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	702,224	915,703
Impairment		-	74,951
Profit on disposal of property plant and equipment		(59,242)	(20,779)
Foreign exchange loss/(gain)	5	482,475	(459,428)
Finance income	7	(119,345)	(117,462)
Finance costs	7	7,865	13,232
Income tax expense	10	5,152	(325,703)
		<u>249,657</u>	<u>(580,572)</u>
Working capital adjustments			
Decrease in inventories	14	21,590	89,579
Increase in trade and other receivables	15	(3,926,663)	(306,150)
Increase/(decrease) in trade and other payables	22	4,690,076	(3,729,118)
(Decrease)/increase in provisions	21	(28,698)	61,614
		<u>1,005,962</u>	<u>(4,464,647)</u>
Cash generated from operations		1,005,962	(4,464,647)
Income taxes paid		<u>(398,471)</u>	<u>(609,692)</u>
Net cash flow from operating activities		<u>607,491</u>	<u>(5,074,339)</u>
Cash flows from investing activities			
Interest received	7	119,345	117,462
Acquisitions of property plant and equipment		(42,206)	(374,032)
Proceeds from sale of property plant and equipment		92,857	289,447
		<u>169,996</u>	<u>32,877</u>
Net cash flows from investing activities		<u>169,996</u>	<u>32,877</u>
Cash flows from financing activities			
Interest paid	7	<u>(7,865)</u>	<u>(13,232)</u>
Net increase/(decrease) in cash and cash equivalents		769,622	(5,054,694)
Foreign exchange (gains) / losses		(298,028)	644,463
Cash and cash equivalents at 1 January	16	<u>4,456,366</u>	<u>8,866,597</u>
Cash and cash equivalents at 31 December	16	<u>4,927,960</u>	<u>4,456,366</u>

The notes on pages 19 to 47 form an integral part of these financial statements.

Hull Blyth & Company, Limited

Statement of Cash Flows for the Year Ended 31 December 2018

		2018	(As restated) 2017
	Note	\$	\$
Cash flows from operating activities			
Loss for the year		(231,620)	(111,075)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	-	3,265
Loss on disposal of property plant and equipment		2,529	-
Finance income	7	(62,635)	(17,906)
Finance costs	7	56,128	6,556
Income tax expense	10	59,920	-
		(175,678)	(119,160)
Working capital adjustments			
Increase in trade and other receivables	15	(3,699,007)	(1,826,643)
Increase in trade and other payables	22	3,917,991	1,950,355
		43,306	4,552
Cash generated from operations		43,306	4,552
Income taxes paid	10	(59,920)	-
		(16,614)	4,552
Cash flows from investing activities			
Interest received	7	62,635	17,906
Acquisition of subsidiaries	13	-	(1)
Acquisitions of property plant and equipment		-	(15,901)
Proceeds from sale of property plant and equipment		10,107	-
		72,742	2,004
Net cash flows from investing activities		72,742	2,004
Cash flows from financing activities			
Interest paid	7	(56,128)	(6,556)
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

The notes on pages 19 to 47 form an integral part of these financial statements.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England and Wales.

Hull Blyth & Company, Limited ("the company") and its subsidiaries (together as "the group") have a number of lines of business, including:

- Ship, liner and tramp agency services;
- Landside services, including the operation of inland container depots for both full and empty containers;
- Logistics and supply chain management services.

The operations of the group are undertaken at the following locations:

In Nigeria from 34 Wharf Road, Apapa, Lagos;

In Ghana from Gateway House, Fishing Harbour Road, Tema;

In South Africa from Unit LG4 Musgrave Park, 18 Musgrave Road, Musgrave 4001.

The address of its registered office is:

Lowin House
Tregolls Road
TRURO
Cornwall
TR1 2NA

2 Accounting policies

Basis of preparation

The accounting policies applied in the preparation of the financial statements for the year ended 31 December 2018 are set out below.

The group and company has prepared its financial statements on a historical cost and going concern basis.

The company has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its own individual profit and loss account. The loss for the year of the company was \$171,700 (2017 - \$111,075).

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Statement of compliance

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the European Union. The accounts for the group and the parent company are referred to collectively as the accounts.

The group accounts are presented in US dollars (USD), rounded off to the nearest whole dollar. The subsidiary undertakings, with the exception of Hull Blyth IOM Limited have prepared their separate financial statements using currency of primary economic location in which the entity operates.

The income statements and balance sheets for group companies with a functional currency which differs from the presentation currency (USD) are translated as follows:

- the balance sheet is translated at the closing exchange rate on the balance sheet date
- income and expense items are translated at a rate that is representative as an average exchange rate for the period, unless the exchange rates fluctuate significantly for that period, in which case the exchange rates at the dates of the transactions are used .
- the translation difference is recognised in other comprehensive income and split between controlling and non controlling interests.

Preparing financial statements in conformity with IFRS and simplified IFRS requires the management to make use of estimates and assumptions which affect the application of the accounting policies and the reported amounts of assets and liabilities, revenues and expenses.

Estimates and associated assumptions are based on historical experience and other factors regarded as reasonable under the circumstances. The actual result may vary from these estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are described in more detail in the section on *critical accounting estimates and assumptions*.

The accounting policies outlined have been applied consistently for all periods presented in the accounts.

Adoption of new and revised standards

The company has applied the requirements of IFRS15 and IFRS9 for the first time. The nature and effect of the adoption of these new accounting standards is outlined below:

IFRS9 - Financial instruments

IFRS9 replaces IAS 39 Financial instruments: recognition and measurement for annual periods beginning on or after 1 January 2018; bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

IFRS9 requires the company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12 month or lifetime basis. Due to the short term nature of the Group's trade receivables, the credit ratings of the Group's Clients, and pro forma payment being required in certain situations the requirement under IFRS 9 to use an expected loss method of impairment of financial assets has not had an effect on the Group's financial statements.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Adoption of new and revised standards (continued)

IFRS15 - Revenue from contracts with customers

IFRS15 supersedes IAS 11 Construction contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS15 establishes a five step model to account for revenue arising from contracts with customers, and it requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

The adoption of IFRS15 has not impacted the timing in which the group has recognised performance obligations in respect of the work that has been undertaken. As a result there has been no material impact arising as a result of adopting this standard in the financial statements.

A number of new standards, amendments and interpretations to existing standards have been published that are mandatory for the company's accounting periods beginning on or after 31 December 2018 or later periods but which the company has not adopted early. None of these are relevant to the company's circumstances except for the following set out below:

IFRS 16 - Leases

IFRS16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. IFRS16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019.

Under the new standard at the commencement date of a lease (subject to recognition exemptions) a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right of use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right of use asset.

As at 31 December 2018, the Group had non-cancellable operating lease commitments of £1.095m (see note 20). A preliminary assessment of IFRS 16 indicates that the Group will recognise a right-of-use asset and corresponding liability in respect of the majority of these leases and that fixed assets and liabilities will accordingly increase by this order of magnitude as a consequence of the adoption of IFRS 16. The leases primarily relate to rental arrangements for office facilities or sites from which the group operate.

The impact on the Consolidated Income Statement is not expected to be material as the required adjustment will predominantly involve a reclassification between operating lease expense and depreciation, both of which are included in operating costs. There is expected to be a small increase in operating profit as an element of the lease-related expense is reclassified from operating expenses to interest costs. Interest costs are expected to increase by a similar amount, resulting in a largely unchanged loss before tax.

The classification of cash flows will be affected by the adoption of IFRS 16 because operating lease payments under IAS 17 are presented as operating cash flows whereas, in future, lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

The Directors will complete a detailed assessment of the impact of adopting IFRS 16. No decision has been made about whether to use any of the transitional provisions.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

IFRC 23 - Uncertainty over income tax treatments

This interpretation clarifies how to apply the recognition and measurement criteria of IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date for this interpretation is for accounting periods commencing after 1 January 2019.

The impact of this interpretation is currently being assessed, however the impact of this is not expected to be material.

Going concern

The group has made a loss for the year of \$764,318 (2017 - \$964,860).

The conditions in the marketplace continue to be challenging, with reduced revenue levels as a result of the exit of certain principals. Post year end results in Nigeria and South Africa have been positive, and the Directors continue to look for areas where costs can be reduced in order to bring the group back to profitability.

On this basis the group continues to adopt the going concern basis in the preparation of its financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2018.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full. Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Revenue recognition

Revenue from sale of goods and services is recognised when the group entity sells a product or service to customer. Revenues are recognised at fair value of the consideration and presented net of applicable sales taxes and discounts.

Supply Services

Recognition of revenue is when it is earned, i.e. when the main risk and control has been transferred to the customer. This will normally be when the goods are delivered to the customer. Revenue is measured at the fair value of the consideration on the time of the transaction.

The performance obligation is satisfied when the services are rendered. The group acts as agent by providing the customer with services from other parties.

Rental income

Rental income received in relation to warehouse space is recognised when the revenue is earned on an accruals basis.

Principal versus agent

The group has arrangements whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the services to the customer. The group acts as a principal if it controls a promised service before transferring that service to the customer. The group is an agent if its role is to arrange for another entity to provide the services. Factors considered in making this assessment are most notably the discretion the group has in establishing the price for the specified service, whether the group has inventory risk and whether the group is primarily responsible for fulfilling the promise to deliver the service.

The group acts as an agent in respect of the shipping services that it provides to third parties.

Finance income

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Foreign currency transactions and balances

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the group entities at their respective functional currency rates prevailing at the date of their transaction.

Monetary items denominated in foreign currency are translated with the spot rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

All foreign exchange gains and losses recognised in profit or loss are shown net in the statement of comprehensive income. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

b) Group companies

The results and financial position of all the group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- ii. Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- iii. All resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from the above process are reported in equity attributable to equity holders of the parent within 'retained earnings'. On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are taken to 'other comprehensive income'.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Tax

The tax expense for the period comprises of current tax and deferred tax.

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current taxation for the company is based on the taxable income at the UK statutory tax rate and laws enacted, or substantively enacted, at the balance sheet date and includes adjustments to tax payable or recoverable in respect of previous periods.

Companies domiciled outside of the United Kingdom will be subject to local taxation, When dividends or management fees are paid, local withholding taxes may be applicable. This generally applies where management fees are raised by the parent company to its overseas subsidiaries.

Deferred tax is calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial information. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss, it is not accounted for. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement or statement of Comprehensive Income as appropriate, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Property, plant and equipment

Fixtures, fittings and equipment, plant & machinery and motor vehicles used by the parent or its subsidiaries are stated at historical cost less depreciation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Buildings	Between 0% to 20% straight line
Plant and machinery	Between 20% to 25% straight line
Fixtures and fittings	Between 12.5% and 33.3% straight line
Motor vehicles	Between 20% and 25% straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each date of the consolidated statement of financial position. In the opinion of the directors, no property, plant and equipment is impaired at 31 December 2018.

Impairment of assets

The carrying amounts of the group's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at the balance sheet date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds the recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive income.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials; purchase cost on a first in-first out basis.
- Finished goods and work in progress; cost of direct materials and labour and a portion of manufacturing overheads based on a normal operating capacity.

Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Provisions

The group and the parent company provisions for legal claims when a legal or constructive obligation exists as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be estimated with a sufficient degree of reliability.

Leases

Leases in which a significant portion of the risks and rewards are retained by the lessor are classified as operating leases. Payments made are charged to the consolidated statement of comprehensive income on a straight line basis over the period of the lease.

Defined contribution pension obligation

Group companies have various pension schemes, and the employees are covered by pension plans which comply with local laws and regulations. These schemes are generally funded through payments to insurance companies or pension funds on the basis of periodic actuarial calculations. The group and the parent company have defined contribution schemes only.

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employee benefit expense when they are due.

Financial instruments

Initial recognition

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

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets relevant to the company are detailed within this note.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Financial instruments (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial liabilities at amortised cost.

All financial liabilities are measured at amortised cost using the effective interest rate method.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial information in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The following are the significant judgements used in applying the accounting policies of the company that have the most significant effect on the financial information:

Impairment of property, plant and equipment (note 11)

Management review property, plant and equipment at each balance sheet date to determine whether there are any indicators of impairment. If any such indications exist, an estimate of the recoverable amount is performed, and an impairment loss is recognised to the extent that carrying amount exceeds recoverable amount.

At the balance sheet date property, plant and equipment had a carrying value of \$325,351 (2017 - \$1,049,592). No impairment has been recognised in the current or prior year.

Taxation and recognition of deferred tax assets (note 10)

Included in deferred tax assets of \$896,380 (2017 - \$687,845) is \$373,088 (2017 - \$142,461) which relates to the recognition of carried forward tax losses.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Impairment of goodwill

The financial statements includes goodwill arising on consolidation of \$7,771,372 (2017 - \$7,828,154).

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. The main risk areas in assessing impairment relate to expectations over growth, net profit and cash flow

Further commentary in respect of the assumptions made in this impairment testing are provided in note 12 to the financial statements.

4 Revenue

IFRS 15: Revenue from Contracts with Customers requires the disaggregation of revenue into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Board has considered how the Group's revenue might be disaggregated in order to meet the requirements of IFRS 15 and has concluded that the activity disclosures set out below represent the most appropriate categories of disaggregation.

The Board considers that neither differences between types of Clients, sales channels and markets nor differences between contract duration and the timing of transfer of goods or services are sufficiently significant to require further disaggregation.

For management purposes the Group monitored the performance of 4 operating units (which includes head office) during the year, each of which carries out a range of activities. The chief operating decision-maker monitors the business through review of the performance of entities at a component level. The group has not presented a segmental analysis of its operations as it falls outside of the scope of IFRS 8 'Operating segments' as its securities are not traded on a quoted market.

There were no customers who contributed more than 10% of revenues in any of the financial periods presented.

The analysis of the group's revenue for the year from continuing operations is as follows:

	2018	2017
	\$	\$
Shipping agency charges	4,883,092	7,485,930
Container and warehouse charges	3,637,167	3,580,936
Haulage and logistics	1,808,191	1,190,492
Other charges	727,489	1,701,711
	<u>11,055,939</u>	<u>13,959,069</u>

Assets and liabilities are not split between activities.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

5 Operating profit

Arrived at after charging/(crediting)

	2018	2017
	\$	\$
Depreciation expense	702,224	915,703
Impairment loss	-	74,951
Foreign exchange gains/(losses)	482,475	(459,428)
Profit on disposal of property, plant and equipment	(59,242)	(20,779)
	(59,242)	(20,779)

6 Auditors' remuneration

	2018	2017
	\$	\$
Audit of these financial statements	3,500	-
Audit of the financial statements of subsidiaries of the company pursuant to legislation - Principal auditor	17,000	-
Audit of the financial statements of subsidiaries of the company pursuant to legislation - Component auditors	25,916	59,975
	46,416	59,975

Other fees to auditors

Taxation compliance services	3,000	-
All other assurance services	10,965	-
	13,965	-

7 Finance income and costs

	2018	2017
	\$	\$
Finance income		
Interest income on bank deposits	80,119	71,733
Other finance income	39,226	45,729
Total finance income	119,345	117,462
Finance costs		
Interest expense on other financing liabilities	(7,865)	(13,232)
Net finance income	111,480	104,230

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018	2017
	\$	\$
Wages and salaries	2,375,763	3,322,214
Social security costs	619,717	902,020
Pension costs, defined contribution scheme	193,325	249,581
	<u>3,188,805</u>	<u>4,473,815</u>

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

	2018	2017
	No.	No.
Administration and support	<u>352</u>	<u>412</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018	2017
	\$	\$
Remuneration	<u>116,764</u>	<u>144,276</u>

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

10 Income tax

Tax charged/(credited) in the income statement

	2018 \$	2017 \$
Current taxation		
UK corporation tax adjustment to prior periods	164,158	-
Foreign tax	93,403	231,134
Total current income tax	257,561	231,134
Deferred taxation		
Arising from origination and reversal of temporary differences	(252,409)	(556,836)
Tax expense/(receipt) in the income statement	5,152	(325,702)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 – 19%).

The differences are reconciled below:

	2018 \$	2017 \$
Loss before tax	(3,535,692)	(986,788)
Profit on ordinary activities before taxation multiplied by rate of corporation tax of 19% (2017 - 19%)	(671,781)	(187,490)
Increase (decrease) in current tax from adjustment for prior periods	164,158	-
Decrease (increase) from effect of revenues exempt from taxation	(1,421)	4,748
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	705,654	(280,371)
Tax decrease from utilisation of tax losses	-	100,403
Decrease (increase) from tax losses for which no deferred tax asset was recognised	32,547	-
Increase (decrease) from effect of unrelieved tax losses carried forward	(155,141)	(179,286)
Increase (decrease) from effect of foreign tax rates	(18,364)	166,661
Increase (decrease) arising from overseas tax suffered (expensed)	59,920	(14,102)
Decrease (increase) from effect of tax incentives	(162,537)	78,966
Other tax effects for reconciliation between accounting profit and tax expense (income)	53,012)	(15,231)
Total tax credit	5,152	(325,702)

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

The deferred tax asset, and deferred tax movement during the year can be summarised as follows:

2018

	At 1 January 2018 \$	Recognised in income \$	Foreign Exchange \$	At 31 December 2018 \$
Accelerated tax depreciation	535,082	12,986	(25,573)	522,495
Tax losses carry-forwards	142,461	248,888	(18,261)	373,088
Other items	10,302	(9,465)	(40)	797
Net tax assets/(liabilities)	687,845	252,409	(43,874)	896,380

2017

	At 1 January 2017 \$	Recognised in income \$	Foreign Exchange \$	At 31 December 2017 \$
Accelerated tax depreciation	64,866	497,636	(27,420)	535,082
Tax losses carry-forwards	85,822	63,940	(7,301)	142,461
Other items	15,568	(4,740)	(526)	10,302
Net tax assets/(liabilities)	166,256	556,836	(35,247)	687,845

Deferred tax has been calculated in full on temporary differences under the liability method using a tax rate within each respective jurisdiction.

Deferred tax – Company

The company has tax losses carried forward of \$229,409 (2017 - \$nil) to offset against taxable profits as they arise.

No deferred tax asset has been provided on these losses on the basis that the timing of taxable profits in the company are uncertain.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

11 Property, plant and equipment

Group

	Land and buildings \$	Plant & machinery \$	Motor vehicles \$	Fixtures, fittings & equipment \$	Total \$
Cost or valuation					
At 1 January 2017	2,132,303	2,181,696	1,221,328	709,091	6,244,418
Additions	-	337,181	4,300	32,551	374,032
Disposals	-	(13,021)	(357,849)	(13,058)	(383,928)
Foreign exchange movements	(197,419)	(307,240)	(102,941)	(130,653)	(738,253)
At 31 December 2017	1,934,884	2,198,616	764,838	597,931	5,496,269
At 1 January 2018	1,934,884	2,198,616	764,838	597,931	5,496,269
Additions	-	-	37,192	5,014	42,206
Disposals	-	(217,813)	(127,212)	(16,341)	(361,366)
Foreign exchange movements	(98,792)	(48,851)	(30,458)	(23,228)	(201,329)
At 31 December 2018	1,836,092	1,931,952	644,360	563,376	4,975,780
Depreciation					
At 1 January 2017	1,264,832	1,759,510	616,325	586,304	4,226,971
Charge for year	342,825	319,115	184,395	69,368	915,703
Eliminated on disposal	-	(7,596)	(95,585)	(12,082)	(115,263)
Foreign exchange movements	(144,108)	(246,824)	(83,459)	(106,343)	(580,734)
At 31 December 2017	1,463,549	1,824,205	621,676	537,247	4,446,677
At 1 January 2018	1,463,549	1,824,205	621,676	537,247	4,446,677
Charge for the year	320,654	257,238	99,397	24,935	702,224
Eliminated on disposal	-	(217,810)	(106,310)	(3,629)	(327,749)
Foreign exchange movements	(79,800)	(44,254)	(25,743)	(20,926)	(170,723)
At 31 December 2018	1,704,403	1,819,379	589,020	537,627	4,650,429
Carrying amount					
At 31 December 2018	131,689	112,573	55,340	25,749	325,351
At 31 December 2017	471,335	374,411	143,162	60,684	1,049,592
At 1 January 2017	867,471	422,186	605,003	122,787	2,017,447

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Company

	Fixtures, fittings & equipment	Total
	\$	\$
Cost or valuation		
Additions	15,901	15,901
At 31 December 2017	15,901	15,901
At 1 January 2018	15,901	15,901
Disposals	(15,901)	(15,901)
At 31 December 2018	-	-
Depreciation		
Charge for year	3,265	3,265
At 31 December 2017	3,265	3,265
At 1 January 2018	3,265	3,265
Eliminated on disposal	(3,265)	(3,265)
At 31 December 2018	-	-
Carrying amount		
At 31 December 2018	-	-
At 31 December 2017	12,636	12,636

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

12 Intangible assets

Group

	Goodwill \$	Total \$
Cost or valuation		
At 1 January 2017	7,861,605	7,861,605
Foreign exchange movements	41,500	41,500
At 31 December 2017	7,903,105	7,903,105
At 1 January 2018	7,903,105	7,903,105
Foreign exchange movements	(56,782)	(56,782)
At 31 December 2018	7,846,323	7,846,323
Amortisation		
Impairment	74,951	74,951
At 31 December 2017	74,951	74,951
At 1 January 2018	74,951	74,951
Impairment	-	-
At 31 December 2018	74,951	74,951
Carrying amount		
At 31 December 2018	7,771,372	7,771,372
At 31 December 2017	7,828,154	7,828,154
At 1 January 2017	7,861,605	7,861,605

In accordance with the Group's accounting policies, an annual impairment test is applied to the carrying value of goodwill. The review performed assesses whether the carrying value of goodwill is supported by the net present value of projected cash flows derived from the underlying assets for each cash-generating unit ("CGU").

It is the Directors' judgement that each subsidiary undertaking (where they are trading) meet the definition of a CGU for the purpose of impairment testing.

Management have produced forecasts for each of its subsidiary companies for the year to 31 December 2019 based on their expectations in the market, planned expenditure and targets for new business. These have then been projected at an annual growth rate of 2%, and the resulting pre tax cash flow using the Group's estimated pre-tax weighted average cost of capital, which is 4%.

For all CGUs, the Directors assessed the sensitivity of the impairment test results to changes in key assumptions (including a further 0.5% reduction in longer term growth rates) and concluded that a reasonably possible change to the key assumptions would not cause the carrying value of goodwill to exceed the net present value of its projected cash flows.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

13 Investments

Group subsidiaries

Details of the group subsidiaries as at 31 December 2018 are as follows:

i) Subsidiary undertakings:

Company name	Country of incorporation	Principal activity	Ownership	
			2018	2017
Hull Blyth (IOM) Limited	Isle of Man	Non trading former holding company	100%	100%
Hull Blyth South Africa Proprietary Limited	South Africa	Shipping agent and intermediate holding company	100%	100%
Hull Blyth (Ghana) Limited	Ghana	Shipping agency and cargo handling	89.4%	89.4%
Hull Blyth Nigeria Limited	Nigeria	Shipping agency, cargo handling and intermediate holding company	99.99%	99.99%

ii) Indirectly through interest in Hull Blyth (IOM) Limited:

Company name	Country of incorporation	Principal activity	Ownership	
			2018	2017
African Steamship Nigeria Limited	Nigeria	Non trading	99.99%	99.99%
Beacon Shipping Agency Nigeria Limited	Nigeria	Non trading	99.99%	99.99%
Elder Dempster Agencies Nigeria Limited	Nigeria	Non trading	99.99%	99.99%
Evergreen Shipping Agencies Nigeria Limited	Nigeria	Non trading	99.99%	99.99%
UASC Agencies Nigeria Limited	Nigeria	Non trading	99.99%	99.99%
Viking Container & Marine Services Limited	Nigeria	Non trading	99.99%	99.99%

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Details of undertakings (continued)

iii) Indirectly through interest in Hull Blyth South Africa Proprietary Limited:

Company name	Country of incorporation	Principal activity	Ownership	
			2018	2017
Mainport Africa Shipping (Pty) Limited	South Africa	Shipping agency	100%	100%
Kestrel Maritime (Pty) Limited	South Africa	Commercial cargo brokering	100%	100%

iv) Indirectly through interest in Hull Blyth Nigeria Limited:

Company name	Country of incorporation	Principal activity	Ownership	
			2018	2017
Blue Funnel Nigeria Limited	Nigeria	Non-trading	99.99%	99.99%

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Summary of the company investments

	31 December 2018 \$	31 December 2017 \$
Investments in subsidiaries	1	1
Subsidiaries		\$
Cost or valuation		
Additions		1
At 31 December 2017		1
At 1 January 2018		1
At 31 December 2018		1
Carrying amount		
At 31 December 2018		1

The shareholdings of the company are as disclosed within the group section of the investment note.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

14 Inventories

	Group		Company	
	31 December 2018 \$	31 December 2017 \$	31 December 2018 \$	31 December 2017 \$
Raw materials and consumables	449,067	488,898	-	-
Finished goods and goods for resale	77,458	59,217	-	-
	<u>526,525</u>	<u>548,115</u>	<u>-</u>	<u>-</u>

15 Trade and other receivables

	Group		Company (As restated)	
	31 December 2018 \$	31 December 2017 \$	31 December 2018 \$	31 December 2017 \$
Trade receivables	11,759,756	6,939,878	428,051	358,062
Receivables from related parties	158,480	322,127	5,073,464	1,450,364
Deposits	531	615	-	-
VAT	44,284	20,037	-	-
Prepayments	893,518	911,587	21,085	15,752
Other receivables	116,492	852,154	3,051	2,466
	<u>12,973,061</u>	<u>9,046,398</u>	<u>5,525,651</u>	<u>1,826,644</u>

The fair value of trade receivables approximates its carrying value.

The maximum exposure to credit risk at the reporting date is the carrying amount.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

16 Cash and cash equivalents

	Group		Company	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	\$	\$	\$	\$
Cash at bank	4,927,960	4,456,366	-	-

17 Share capital

Allotted, called up and fully paid shares

	31 December 2018		31 December 2017	
	No.	\$	No.	\$
Ordinary share capital of \$1 each	2	1	2	1

18 Nature and purpose of reserves

The group has the following reserves at the balance sheet date:

Share capital

The share capital reserve represents equity introduced by the shareholders.

Profit and loss

The profit and loss reserve represents cumulative profit and losses made by the group, and includes the impact of foreign currency on the translation of subsidiary companies results into the presentational currency of the group.

19 Non-controlling interests

The non controlling interests in the financial statements represent the interest in Hull Blyth (Ghana) Limited, and Hull Blyth Nigeria Limited not held by the group.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

20 Obligations under leases and hire purchase contracts

Group

Operating leases

The total future value of minimum lease payments is as follows:

	31 December 2018 \$	31 December 2017 \$
Within one year	487,364	458,762
In two to five years	607,816	881,903
	1,095,180	1,340,665

21 Other provisions

Group

	Other provisions \$	Total \$
At 1 January 2018	61,614	61,614
Provisions used	(28,698)	(28,698)
At 31 December 2018	32,916	32,916
Non-current liabilities	32,916	32,916

22 Trade and other payables

	Group		Company (As restated)	
	31 December 2018 \$	31 December 2017 \$	31 December 2018 \$	31 December 2017 \$
Trade payables	14,400,812	8,882,326	1,591,866	1,425,480
Accrued expenses	151,525	276,440	34,595	12,027
Amounts due to related parties	13,614	13,750	4,241,855	496,399
Social security and other taxes	-	18,428	-	16,221
Other payables	1,080,223	1,765,154	-	228
	15,646,174	10,956,098	5,868,346	1,950,355

The group's exposure to market and liquidity risks related to trade and other payables is disclosed in the financial risk review note.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

23 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to \$193,325 (2017 - \$249,581).

Contributions totalling \$Nil (2017 - \$Nil) were payable to the scheme at the end of the year and are included in creditors.

24 Commitments

Guarantees

During the normal course of the group's activities guarantees have been provided to third parties of \$1,336,245 (2017 - \$1,356,258).

25 Financial risk management

This note presents information about the company's exposure to financial risks and the group and company's management of capital.

The Board has overall responsibility for the determination of the group and company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible, without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

The group has exposure to the following financial risks from its operations:

- Market risk, which can be broken down into foreign exchange rate risk and interest rate risk.
- Credit risk
- Liquidity risk

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the group's fair value of its holdings in financial instruments.

The group is exposed to currency risk on revenues and costs in non-functional currencies (transaction risk), and balance sheet items denominated in currencies other than non-functional currencies (translation risk).

The group's largest foreign exchange exposures are NGN, GH¢, ZAR, GBP all against USD. Transactions are generally undertaken in USD and bank accounts within the overseas entities are held in both the host currency and USD. Currency exposure arising from liabilities denominated in foreign currencies is managed primarily by limiting the volume of transactions denominated in foreign currency and holding of bank balances in the relevant foreign currencies.

The year-end exposure does not reflect the exposure to fluctuations in exchange rates during the year. Consequently the directors believe that a sensitivity analysis would be unrepresentative to market risks to which the group is exposed.

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Credit risk

The Groups principal financial assets are trade receivables, other receivables and bank balances, which represent the Group's maximum exposure to credit risk in relation to financial assets.

Credit risk is the risk of suffering financial loss, should any of the group's customers, clients or market counterparties fail to fulfil their contractual obligations to the group. The credit quality of trade and other receivables is assessed based on a credit policy established by the Board of Directors.

There can be no assurance that any of the Group's clients will continue to use the Groups services to the same extent, or at all, in the future. The loss or, or a significant reduction in agency spend by the Group's largest clients if not replaced by new customers would adversely affect the Groups prospects, business, financial condition and results of operations. This impact however is believed to be limited due to the level of customer concentration in any geographic segment.

Liquidity risk

The group's approach to managing liquidity is to ensure that the group meets its liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group's liquidity risk is low in that it holds significant liquid assets in addition to credit facilities with the banks.

Financial assets

	Group		Company	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	\$	\$	\$	\$
Cash at bank (maturing in less than one year or on demand)	4,927,960	4,456,366	-	-

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

26 Related party transactions

Group disclosures

Key management remuneration

During the year the group paid remuneration to key management of \$357,484 (2017 - \$448,136).

Transactions with Directors

During the year the group operated a loan account with a director.

The loan account was unsecured, interest free and repayable upon demand. At the balance sheet date the director owed the group \$nil (2017 - \$14,133).

Other related party transactions

During the year the Group has transacted with a company under the common control of J Baldwin, Director.

The group has operated a loan account with this company, which is unsecured and repayable on demand. Interest of \$7,866 (2017 - \$13,232) has been incurred on this loan account at a rate of 1.25% per annum.

At the balance sheet date the group owed this company \$694,626 (2017 - \$1,071,808).

In addition to the above, during the year the Group has transacted with an associate of a company under the common control of J C Baldwin, Director.

In the year management charges of \$15,600 (2017 - \$49,011) have been raised by the group to the connected company. In addition a loan account has been operated with this entity.

At the balance sheet date Hull Blyth & Company, Limited was due \$162,380 (2017 - \$327,327)

Hull Blyth & Company, Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Company disclosures

Key management remuneration

During the year the company paid remuneration to key management of \$184,716 (2017 - \$34,782).

Transactions with subsidiary undertakings

During the year Hull Blyth & Company, Limited has transacted with its group undertakings:

In the year:

- a) The company has charged \$557,927 (2017 - \$nil) in respect of management and technology fees.
- b) The company has had loan accounts due from group undertakings which are unsecured and repayable upon demand. Interest has been charged at 1.25% on these loan balances, with the total interest earned in the year being \$62,635 (2017 - \$17,906).
- c) The company has also had a loan account due to its subsidiary undertakings. This loan balances are unsecured and repayable demand, and attracts interest at 1.25% per annum. Interest of \$56,128 (2017 - \$6,128) have been incurred on these loans.

At the balance sheet date Hull Blyth & Company, Limited:

- Was owed \$5,073,464 (2017 - \$1,450,364) by subsidiary undertakings.
- Owed \$4,241,885 (2017 - \$496,399) to subsidiary undertakings.

Other related party transactions

During the year the company has transacted with an associate of a company under the common control of J C Baldwin, Director.

In the year management charges of \$15,600 (2017 - \$49,011) have been raised by the company.

At the balance sheet date Hull Blyth & Company, Limited was due \$3,900 (2017 - \$5,200).

27 Parent and ultimate parent undertaking

The ultimate controlling party is James Baldwin.