

Company registration number: 01162218

**PENTAGON FREIGHT SERVICES PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 APRIL 2022**



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PENTAGON FREIGHT SERVICES PLC

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COMPANY INFORMATION

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<b>Directors</b>	K Ochiltree A Taylor
<b>Company secretary</b>	K Ochiltree
<b>Registered number</b>	01162218
<b>Registered office</b>	32-33 Clipper Boulevard Dartford Kent DA2 6QB
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

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**PENTAGON FREIGHT SERVICES PLC**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 APRIL 2022**

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The directors present their strategic report together with the audited financial statements for the year ended 30 April 2022.

**Principal activity**

The principal activity of the company is the provision of international freight forwarding and logistics services predominantly to customers operating within the energy and resource industries. The company is a wholly owned subsidiary of Pentagon Holdings Limited, a privately-owned group that has been operating as an international freight forwarding business since 1974. Over the years, in addition to its trading activity, and as part of the group's strategy to build a global business, the company has made investments in other group entities.

Across the UK there are five key locations, three in England and two in Scotland. Outside of the UK, there is a branch based in Baku, Azerbaijan serving customers in the Caspian region.

The company's overall financial objectives are to increase turnover, improve profitability, and increase its net assets. This is achieved through a focus on continuous improvements and driving efficiencies, whilst continuing our development of bespoke systems that support our global customers.

**Results and business review**

Turnover increased by 38% in comparison to the previous financial year and the overall volume of shipments increased by 28% year on year. In part, this reflects the wider economy where vaccination programmes across the world were established and activity across global supply chains increased. The focus became the need for economies to return to normal trading conditions in this new environment, resulting in a sharp increase in the demand for energy.

The recovery in the energy and resources industry, was demonstrated by the continuing recovery in the price of Brent Crude from the record low in April 2020 of USD25 per barrel to USD73 per barrel on 30 April 2021 and USD112 per barrel on 30 April 2022. The reduction in investment during the last two years due to the pandemic, has quickly reversed and the overall day to day activity we are experiencing, is greater than the year ending April 2019.

Post April 2022, volumes have continued to increase, in part due to the global energy concerns created by the invasion of Ukraine. However, there was also a deliberate focus from global energy companies to develop strategies and infrastructure to deliver new forms of energy. In the longer term the requirement for energy security for all nations is becoming a priority.

Whilst the impact of the pandemic over the last two years has demonstrated that it can be difficult for economies to forecast ahead, we believe that the complexity of delivering improved energy security across developed economies is likely to drive significant demand for investment by our global customers in the short to medium term. We continue to support our customers through investment in the focussed development of our people, systems and locations and services.

The investment in our new operational hub at Dartford in January 2021, has supported the increased growth this year in bespoke logistics services we provide to long standing customers in the energy, marine, and construction industries.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 APRIL 2022**

Our Aberdeen location is closely aligned to changes within the energy industry resulting in a 38% year on year increase in volumes. Following the award of a significant global contract for a new customer, our Aberdeen location commenced managing this business mid-January 2022. As this is near to the end of our financial year, there was limited impact in our reported growth, however the impact will be seen next financial year.

A second significant contract was also awarded in May 2022, for a customer who we have provided ongoing services for prior to 2017. This contract will commence in the coming months and is considered an endorsement of our focussed investment strategy over the last five years.

The EBITDA result includes support from the government's furlough scheme and receipt of a one-off customs grant but excludes the uncertainty of year end unrealised foreign exchange gains and losses on amounts owed by group undertakings. For the financial year EBITDA was £2,251,484 compared to £642,639 for the prior financial year.

During the year, the appreciation of sterling against the USD since the last financial year was mostly reversed. The exchange rate on 30 April 2022 was USD1.257 compared to the three year high of USD1.388 seen in April 2021. The impact was an unrealised year end exchange profit of £488,969 on the revaluation of amounts owed by group undertakings, compared to an unrealised loss of £578,661 in the prior year.

At the year end, the directors conducted a review of all investments. The business in Brazil demonstrated growth and improvements in both profitability and net assets. As such, the impairment provision of £243,054 was reversed. Brazil has continued to grow and has recently won a multiyear contract for hub logistics supporting activities in the Campos Basin.

The net profit after tax was £2,174,384 compared to £443,712 for the prior year.

The net current assets on 30 April were £12,971,371, representing an increase of £2,219,882 compared to £10,751,489 for the prior year.

Third party debtors to whom we give credit, have increased by £5,574,422 during the year, offset by an increase in third party creditors of £2,643,300. This creates a gap in working capital of £2,931,122, funded through profits at the EBITDA level and a slight reduction in cash at the year-end of £111,432.

On 6 June 2022 the company acquired a 100% interest in Carlbom Shipping Limited, a specialist ships agent on the Humber estuary that has been providing services to UK, European and international clients since 1897. Carlbom Shipping has an enviable reputation for providing unique services to each of its clients in the tanker, bulk cargo, offshore and renewables sectors. There are synergies in terms of industries and services which we believe will be beneficial in the long term to both businesses.

**Our commitment to Section 172**

Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders and other matters in their decision making. The directors continue to have regard to the interests of the shareholders, company's employees, customers, suppliers and other stakeholders, the impact of its activity on the community and environment along with the company's reputation for good business conduct, when making decisions. In this context, acting in good faith, the directors consider what is most likely to promote the success of the company for its members in the long term.

STRATEGIC REPORT  
FOR THE YEAR ENDED 30 APRIL 2022

Stakeholders	Engagement	Key Topics this year	Main impact
<p><b>Shareholders</b> We owe fiduciary duties to our shareholders who have significant capital invested in the business for the long term. We need to ensure the financial wellbeing of their investment.</p>	<p>We provide regular updates during the year on both financial and non-financial matters to our shareholders, as part of a wider report on the performance of the group. In addition, our Group CEO meets with shareholders face to face and via teams during the year.</p>	<ul style="list-style-type: none"> <li>• Management of the business recovery following the impact of the pandemic during the previous two years.</li> <li>• Financial performance against budget.</li> <li>• Delivery of specific business development opportunities identified for both the Dartford and Aberdeen sites.</li> <li>• Strategic investment opportunities</li> <li>• Communication of Pentagon's mission statement and capabilities.</li> <li>• Staff development and welfare across all the sites.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant business growth during the year</li> <li>• Acquisition of Carlbom Shipping Limited.</li> <li>• Launch of a new website for the Group in July 2022.</li> </ul>
<p><b>Employees</b> Our employees are key to the success of our business. Their wellbeing and engagement in the business are our top priorities.</p>	<p>We communicate constantly with our employees. During this year this included: -</p> <ul style="list-style-type: none"> <li>• As part of our ISO accreditation, we have a global code of conduct for all employees.</li> <li>• We have a reporting and monitoring system for the tracking of incidents and near misses.</li> <li>• PentaNet, our internal share point site, gives employees a clear view of updates and business developments across the Pentagon group.</li> <li>• We undertake an annual voice of the business exercise across all Pentagon businesses, where each entity globally gives feedback on behalf of their teams on the Group's performance.</li> <li>• Regular health and safety reviews and updates.</li> <li>• Training and development.</li> <li>• All our UK employees and their dependent children receive annual occupational health cover.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular messages from the Group CEO to all staff on the business.</li> <li>• Employee engagement using regular updates on customer wins and job volumes processed each month.</li> <li>• Employee wellbeing guidance including support for Mental Health, workplace assessments for remote working, refresher training on cyber security and fraud, return to workplace safety audits, social events, and team lunches at the local sites.</li> <li>• Internal promotion of the use of the occupational health scheme.</li> </ul>	<ul style="list-style-type: none"> <li>• Employee feedback via PentaNet and the annual voice of the business exercise.</li> <li>• QHSE incidents and near misses reporting across all the group's global sites are categorised by root causes. This helps us to ensure that we maintain a focus on best practice.</li> <li>• Increasing use of the occupational health scheme.</li> <li>• Local employee committees arranging social events across the year to promote staff wellbeing.</li> </ul>

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 APRIL 2022**

<p><b>Customers</b> We value our customers, providing them with best-in-class service and they generate the turnover to invest in our people and business and add value to our shareholder's investment.</p>	<ul style="list-style-type: none"> <li>We provide regular updates to all customers. In addition to this, our sites have regular contact with their local customers and the larger multi-site customers are kept informed by our regional management teams.</li> </ul>	<ul style="list-style-type: none"> <li>Contract performance.</li> <li>Keeping customers updated regarding operational issues and solutions.</li> <li>Working collaboratively with our key customers to meet their complex and time critical business needs.</li> <li>Renegotiation of contract terms.</li> </ul>	<ul style="list-style-type: none"> <li>We maintain and strengthen long standing key customer relationships in the year.</li> <li>Key customers are supportive of our investment in developing our global logistics systems and website.</li> </ul>
<p><b>Suppliers</b> Providing us with essential time critical services. They ensure we can operate our business efficiently and effectively, in line with our customer's expectations.</p>	<ul style="list-style-type: none"> <li>We maintain list of approved suppliers, who are regularly screened against our internal ISO accredited QHSE criteria for international compliance, quality, health &amp; safety, and security.</li> </ul>	<ul style="list-style-type: none"> <li>Performance reviews of approved suppliers to ensure continued compliance with our standards.</li> <li>Renegotiation of contract terms.</li> </ul>	<ul style="list-style-type: none"> <li>We maintain constructive long-term relationships with key suppliers.</li> </ul>
<p><b>Bankers</b> We have a long-standing relationship with our bankers, who provide support in terms of banking facilities to enable us to invest and grow the business.</p>	<ul style="list-style-type: none"> <li>We have regular contact through quarterly business reviews and ad hoc day to day conversations on international operational transactions.</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance of the business.</li> <li>Compliance with international regulations including anti Bribery, KYC, and sanctioned countries restrictions.</li> </ul>	<ul style="list-style-type: none"> <li>As a result of regular communication, the company enjoys good relations with its bankers.</li> </ul>
<p><b>Community</b> As part of the wider Pentagon Group, we operate a Global Network of Logistics and Supply Chain Management Solutions. We must ensure that our operations have as little effect on the areas in which we operate.</p>	<ul style="list-style-type: none"> <li>We communicate regularly with our customers and the wider population via our website, social media, and email distribution.</li> <li>We have put in place a social committee to help select and support a handful of local charities.</li> <li>In Aberdeen and Dartford, during the year we have continued to develop our apprenticeship and internship schemes, providing training support for a recognised qualification for school leavers and graduates.</li> </ul>	<ul style="list-style-type: none"> <li>Develop more rounded individuals.</li> <li>This year, our staff supported several charities in the year including Aberdeen Community Trust who work with people of all ages and backgrounds to maximise the potential of local communities and to improve physical and mental health &amp; wellbeing in the local area.</li> <li>Understanding cultural differences.</li> </ul>	<ul style="list-style-type: none"> <li>Information being disseminated to people who may otherwise not be aware of what it is we do and how we can make a positive impact on the built environment.</li> <li>Enabled young adults who would otherwise not have the opportunity.</li> <li>Support the social network in our local communities.</li> </ul>

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 APRIL 2022**

<p><b>Environment</b> As part of the wider Pentagon Group, we operate a Global Network of Logistics and Supply Chain Management Solutions. We must ensure that our operations have as little effect on the environment and where possible emissions are reduced.</p>	<ul style="list-style-type: none"> <li>• Identified a partner to engage with for CO<sub>2</sub> efficiency and reductions.</li> <li>• As part of our ISO accreditation we have global certification to ISO14001 environmental standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of emissions to air.</li> <li>• SECR</li> <li>• ESOS.</li> <li>• Energy efficiency opportunities for new premises.</li> <li>• Client usage.</li> </ul>	<ul style="list-style-type: none"> <li>• Energy savings identified at key facilities and reduce CO<sub>2</sub> usage.</li> <li>• Measure client specific usage for journey/yearly.</li> <li>• Upgrading facilities at our Dartford location to realise reduction in energy usage.</li> </ul>
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**Key Performance Indicators**

Business performance is monitored by the Management team using a series of key performance indicators. At the top level, these are defined across the Pentagon Group and include measurement of profitability, working capital management, headcount, volume, and sales mix.

The performance of each country is regularly reviewed and forms part of the wider group reviews with the directors and shareholders.

Across all businesses, the primary operational focus is on safety and compliance of our activities alongside the development of skilled employees who manage these businesses. We monitor our safety and compliance record closely and ensure that our employees receive regular training to ensure they understand the importance we place on this.

**Risks and Uncertainties**

Like all other businesses, there are risks and uncertainties in the day-to-day operations of our business. The key risks in the UK business are market risk, credit risk and global environmental risk.

Our market risk is driven by the activity levels in the international oil and gas sector to which we are closely aligned. Management have made changes to our business to remain competitive and develop systems that can add additional value to our customer's supply chains and this has created significant business developments wins for the UK during this year. This is further mitigated by diversity, and as such, within the wider group we continue to develop our global projects division. We continue to use our expertise to develop services for non-energy customers with complex freight forwarding requirements including those in the construction and marine industries. The investment in the logistics hub in Dartford has supported this continued development. In June 2022, we acquired Carlbom Shipping Limited, an established ships agency business with a footprint in the offshore renewals industry.

Credit risk is managed closely through proactive use of credit limits based on customer credit ratings, regular engagement with our customers and senior management reviews.

For all businesses, the pandemic has highlighted the impact of global environmental risks and the economic challenges associated with the disruption to trade across all sectors. We are not immune to these challenges however we do have a robust global continuity plan which provides up to date management information for our key decision makers.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 APRIL 2022**

**Streamlined Energy and Carbon Reporting**

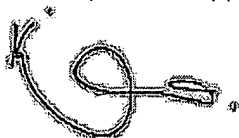
As a wholly owned subsidiary of Pentagon Holdings Limited which is a UK based entity, the company is exempt from reporting information for its UK sites as it will form part of the reporting requirements of the ultimate parent company.

**Policy on Payment of Creditors**

The company negotiates payment terms with each of its suppliers and aims to abide by these terms, subject to satisfactory performance by the supplier.

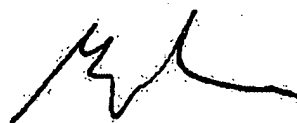
At the year end, the aggregate amounts owed to trade creditors, expressed in terms of days, as a fraction of amounts invoiced by the suppliers during the year amounted to 47 days (2021 - 46 days).

This report was approved by the board on 19 October 2022 and signed on its behalf.



Kim Ochiltree

Director



Ashley Taylor

Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 APRIL 2022**

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The directors present their report and the financial statements for the year ended 30 April 2022.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Going concern**

In reviewing going concern, the directors recognised that a global economic recovery is subject to significant uncertainty and have considered a series of possible scenarios and their impact on the liquidity of the Company. The Company has a strong balance sheet, no external bank borrowings, and regular reviews of the cashflows are carried out weekly. Having completed this exercise, the directors believe the use of the going concern basis of accounting is appropriate.

**Results and dividends**

The profit for the year, after taxation, amounted to £2,174,384 (2021: £443,712).

The directors do not recommend payment of a dividend.

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 APRIL 2022**

**Directors**

The directors who served during the year were:

K Ochiltree  
A Taylor

**Future developments**

The Company continue to closely monitor its performance in light of the prevailing market conditions. Whilst at the same time looking for appropriate opportunities that may arise and taking advantage of these.

**Disclosure of information to auditors**

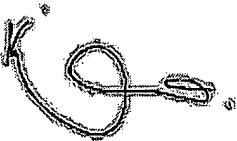
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditor**

BDO LLP has indicated its willingness to continue in office.

This report was approved by the board on 19 October 2022 and signed on its behalf.



Kim Ochiltree  
Director

**INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED 30 APRIL 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 30 April 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 Pentagon Freight Services Plc ("the Company") for the year ended 30 April 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remain 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.

**INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED 30 APRIL 2022**

**Other information (continued)**

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.

**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 has 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 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 Statement of Directors' Responsibilities, 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.

**INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED 30 APRIL 2022**

*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:

We obtained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates. We considered the significant laws and regulations to be Companies Act 2006 and the applicable accounting standards.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to management bias in accounting estimates and the risk of fraud in revenue recognition, particularly around the year end.

Our testing included but was not limited to:

- We considered the processes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those processes and controls.
- We challenged assumptions and judgements made by management in areas involving significant estimates, with the key sources of estimation identified as the determination of the internal rate of return for the finance debtors.
- We performed substantive testing on account balances and transactions, which were considered to be a greater risk of susceptibility to fraud. This included revenue, where we checked a sample of transactions to supporting documentation and checked that revenue recognised was in line with contractual terms.
- We targeted journal entry testing based on identified characteristics the audit team considered could be indicative of fraud, as well as a focus on large and unusual transactions based upon our knowledge of the business.
- We made enquiries of management and those charged with as to whether there was any correspondence from regulators in so far as the correspondence related to financial statements; and
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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PENTAGON FREIGHT SERVICES PLC

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**INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED 30 APRIL 2022**

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**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:

*Stephen Corrall*

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Stephen Corrall (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, United Kingdom

Date: 21 October 2022

**PENTAGON FREIGHT SERVICES PLC**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 APRIL 2022**

	Note	2022 £	2021 £
Turnover	4	59,877,466	43,461,107
Cost of sales		(49,102,993)	(35,225,122)
<b>Gross profit</b>		<b>10,774,473</b>	<b>8,235,985</b>
Administrative expenses		(8,553,117)	(7,852,351)
Other operating income		30,128	259,005
<b>EBITDA</b>		<b>2,251,484</b>	<b>642,639</b>
Exceptional items	5	-	(114,105)
Depreciation and amortisation		(235,896)	(106,268)
Exchange differences		488,969	(578,661)
<b>Operating profit/(loss)</b>	5	<b>2,504,557</b>	<b>(156,395)</b>
Income from shares in group undertakings		38,227	601,567
Reversal of impairment provisions on investments and loans		246,359	-
Interest receivable and similar income	10	34,887	32,591
Interest payable and expenses	11	(12,209)	(17,463)
<b>Profit before tax</b>		<b>2,811,821</b>	<b>460,300</b>
Tax on profit	12	(637,437)	(16,588)
<b>Profit for the year and total comprehensive income</b>		<b><u>2,174,384</u></b>	<b><u>443,712</u></b>

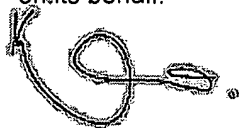
The notes on pages 16 to 33 form part of these financial statements.

**PENTAGON FREIGHT SERVICES PLC**

**BALANCE SHEET  
AS AT 30 APRIL 2022**

	Note	£	2022 £	£	2021 £
<b>Fixed assets</b>					
Tangible assets	13		4,596,941		4,752,094
Investments	14		16,512,115		16,309,061
			<u>21,109,056</u>		<u>21,061,155</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	15	25,679,196		18,507,401	
Cash at bank and in hand	16	4,071,780		4,123,212	
			<u>29,750,976</u>	<u>22,630,613</u>	
Creditors: amounts falling due within one year	17	(16,779,605)		(11,879,124)	
<b>Net current assets</b>			<u>12,971,371</u>		<u>10,751,489</u>
<b>Total assets less current liabilities</b>			<u>34,080,427</u>		<u>31,812,644</u>
<b>Provisions for liabilities</b>					
Deferred tax	19		(386,702)		(293,303)
<b>Net assets</b>			<u>33,693,725</u>		<u>31,519,341</u>
<b>Capital and reserves</b>					
Called up share capital	22		100,000		100,000
Capital redemption reserve			2,500		2,500
Profit and loss account			33,591,225		31,416,841
			<u>33,693,725</u>		<u>31,519,341</u>

The financial statements were approved and authorised for issue by the board on 19 October 2022 and were signed on its behalf.



Kim Ochiltree  
Director

The notes on pages 16 to 33 form part of these financial statements.

**PENTAGON FREIGHT SERVICES PLC**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 APRIL 2022**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 May 2021	100,000	2,500	31,416,841	31,519,341
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	2,174,384	2,174,384
<b>At 30 April 2022</b>	<b><u>100,000</u></b>	<b><u>2,500</u></b>	<b><u>33,591,225</u></b>	<b><u>33,693,725</u></b>
	£	£	£	£
At 1 May 2020	100,000	2,500	30,973,129	31,075,629
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	443,712	443,712
<b>At 30 April 2021</b>	<b><u>100,000</u></b>	<b><u>2,500</u></b>	<b><u>31,416,841</u></b>	<b><u>31,519,341</u></b>

Included within the profit and loss account reserve are undistributable reserves of £1,792,500 (2021 - £1,792,500) relating to the revaluation of a freehold property.

The notes on pages 16 to 33 form part of these financial statement

**1. General information**

The Company is incorporated in England and Wales. Its principal place of business is 32-33 Clipper Boulevard, Crossways Business Park, Dartford, DA2 6QB. The principal activity is the provision of freight forwarding services.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The functional currency is British Pound Sterling.

The following principal accounting policies have been applied:

**2.2 Consolidated financial statements**

Consolidated financial statements have not been prepared by the Company. The parent produces publicly available financial statements, and the results of this Company are included within these.

**2.3 FRS 102 exemptions**

The Company has taken advantage of exemptions available to subsidiaries whose results are consolidated into publicly available financial statements. As such, the Company will not produce a cash flow statement, nor related party transactions with 100% undertaken.

**2.4 Revenue**

Turnover represents the value of services rendered during the year, excluding Value Added Tax, for international freight forwarding and logistics services supplied to customers in the United Kingdom, the rest of the World and to group companies.

Revenue is recognised in the financial statements on the date of shipping, when the significant risks and rewards of ownership of the goods have been passed to the customer and the Company has fulfilled their obligations.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022

**2. Accounting policies (continued)**

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost or deemed cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company revalued its freehold property on transition to FRS 102 on 1 May 2014 and chose not to adopt a revaluation policy going forward. This is in line with the transitional rules of FRS 102.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

-Freehold property	2% straight line
-Freehold land	Not depreciated
-Leasehold property	10% straight line
-Plant and machinery	20-33% straight line
-Motor vehicles	20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

**2.6 Investments in subsidiaries and associates**

Investments in subsidiaries and associates are measured at cost less accumulated impairment.

**2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are revalued at year end rates and reviewed for signs of possible impairment.

**2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022

**2. Accounting policies (continued)**

**2.9 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset, and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.10 Creditors**

Short term creditors are measured at the transaction price and subsequently held at amortised cost.

**2.11 Foreign currencies**

Assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at the year end. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All currency differences are taken to the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022

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2. Accounting policies (continued)

2.12 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

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

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and the application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. The directors consider that the following are key judgements or sources of estimation uncertainty:

**Recoverable value of recognised receivables**

The recoverability of trade and other receivables is regularly reviewed in the light of available economic information specific to each receivable and provisions are recognised for balances considered to be irrecoverable.

**Impairment of investments**

The carrying value of investments is reviewed annually and provision is made where the Directors consider that the individual investment has been impaired during the year.

**4. Turnover**

All turnover is generated from the provision of freight forwarding and logistics services. An analysis of geographical markets of customers is shown below.

	2022 £	2021 £
UK	39,783,960	30,160,099
Rest of the world	20,093,506	13,301,008
	<u>59,877,466</u>	<u>43,461,107</u>

**5. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	235,896	106,268
Profit and loss on disposal of fixed assets	9,810	15,090
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements.	53,000	48,000

**PENTAGON FREIGHT SERVICES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

**5. Operating profit/(loss) (continued)**

	2022	2021
	£	£
Other fees payable to the Company's auditor and its associates in respect of taxation	8,000	7,000
Other operating lease rentals	101,599	72,282
Defined contribution pension cost	270,053	267,857
Impairment of investments in subsidiary companies	-	48,829
Foreign exchange (gain)/loss	(488,969)	578,661
Bad debt provision	92,395	96,884

During the year, there were no exceptional costs (2021 - £114,105) charged to the Statement of Comprehensive Income.

**6. Other operating income**

	2022	2021
	£	£
Government grant for Covid-19 Job retention scheme	378	259,005
Government Customs grant for Training and IT	29,750	-
	<u>30,128</u>	<u>259,005</u>

**7. Employees**

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

	2022	2021
	£	£
Wages and salaries	4,617,822	4,315,322
Social security costs	515,277	475,603
Cost of defined contribution scheme	270,053	267,857
	<u>5,403,152</u>	<u>5,058,782</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

**7. Employees (continued)**

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
<b>Administrative</b>	<b>14</b>	<b>16</b>
<b>Operations and sales</b>	<b>98</b>	<b>80</b>
	<u><b>112</b></u>	<u><b>96</b></u>

**8. Directors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>216,709</b>	<b>190,338</b>
Company contributions to defined contribution pension schemes	<b>1,875</b>	<b>1,473</b>
	<u><b>218,584</b></u>	<u><b>191,811</b></u>

During the year, retirement benefits were accruing to 2 directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £111,055 (2021 - £97,973).

The value of the Company's contribution paid to a defined contribution pension scheme in respect of the highest paid director amounted to £937 (2021 - £737).

**9. Key management personnel**

The directors are considered to be the key management personnel of the Company. Details of the remuneration receivable is given in note 8.

PENTAGON FREIGHT SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022

10. Interest receivable

	2022 £	2021 £
Inter-company interest	34,385	31,615
Other interest receivable	502	976
	<u>34,887</u>	<u>32,591</u>

11. Interest payable and similar charges

	2022 £	2021 £
Inter-company interest	12,209	17,430
Other interest payable	-	33
	<u>12,209</u>	<u>17,463</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022

12. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profit/(loss) for the year	580,280	(151,832)
Adjustments in respect of previous periods	(36,600)	1,553
Foreign taxation	358	15,085
	<hr/>	<hr/>
<b>Total current tax</b>	<b>544,038</b>	<b>(135,194)</b>
	<hr/>	<hr/>
<b>Deferred tax</b>		
Origination and reversal of timing differences	591	151,783
Adjustments in respect of previous periods	-	(1)
Effect of tax rate change on opening balance	92,808	-
	<hr/>	<hr/>
<b>Total deferred tax charge</b>	<b>93,399</b>	<b>151,782</b>
	<hr/>	<hr/>
<b>Taxation on profit on ordinary activities</b>	<b>637,437</b>	<b>16,588</b>
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

**12. Taxation (continued)**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2021–19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>2,811,821</u>	<u>460,300</u>
Tax on profit on ordinary activities at standard rate of 19% (PY: 19%)	<b>534,246</b>	87,457
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>32,688</b>	18,035
Adjustments to tax charge in respect of prior periods	<b>(36,600)</b>	1,553
Adjustments to tax charge in respect of prior periods – deferred tax	-	(1)
Exempt ABGH distributions	<b>(7,220)</b>	(114,298)
Foreign tax credits	-	15,085
Foreign tax expensed	<b>358</b>	(2,866)
Effect of change in tax rate	<b>92,808</b>	-
Fixed asset differences	<b>21,157</b>	11,623
<b>Total tax charge for the year</b>	<u><b>637,437</b></u>	<u>16,588</u>

**PENTAGON FREIGHT SERVICES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

**13. Tangible fixed assets**

	Freehold land and buildings	Leasehold property	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 May 2021	4,320,920	999,447	482,686	300,579	6,103,632
Additions	-	14,118	66,625	-	80,743
Disposals	-	-	-	(57,023)	(57,023)
At 30 April 2022	<u>4,320,920</u>	<u>1,013,565</u>	<u>549,311</u>	<u>243,556</u>	<u>6,127,352</u>
<b>Depreciation</b>					
At 1 May 2021	633,014	25,224	395,141	298,159	1,351,538
Charge for the period	80,113	103,131	51,417	1,235	235,896
Disposals	-	-	-	(57,023)	(57,023)
At 30 April 2022	<u>713,127</u>	<u>128,355</u>	<u>446,558</u>	<u>242,371</u>	<u>1,530,411</u>
<b>Net book value</b>					
At 30 April 2022	<u>3,607,793</u>	<u>885,210</u>	<u>102,753</u>	<u>1,185</u>	<u>4,596,941</u>
At 30 April 2021	<u>3,687,906</u>	<u>974,223</u>	<u>87,545</u>	<u>2,420</u>	<u>4,752,094</u>

If the freehold land and buildings had not been included at valuation, they would have been included under the historical cost convention as follows:

	2022 £	2021 £
Cost	2,528,420	2,528,420
Accumulated depreciation	(713,128)	(633,014)
Net book value	<u>1,815,292</u>	<u>1,895,406</u>

PENTAGON FREIGHT SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022

14. Fixed asset investments

	Investments in subsidiary companies	Investments in associates	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 May 2021	22,225,851	1,218,783	23,444,634
Acquisition	-	-	-
At 30 April 2022	<u>22,225,851</u>	<u>1,218,783</u>	<u>23,444,634</u>
<b>Impairment</b>			
At 1 May 2021	6,676,951	458,622	7,135,573
Reversal for the year (net)	(203,054)	-	(203,054)
At 30 April 2022	<u>6,473,897</u>	<u>458,622</u>	<u>6,932,519</u>
<b>Net book value</b>			
At 30 April 2022	<u>15,751,954</u>	<u>760,161</u>	<u>16,512,115</u>
At 30 April 2021	<u>15,548,900</u>	<u>760,161</u>	<u>16,309,061</u>

**PENTAGON FREIGHT SERVICES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

**14. Fixed asset investments (continued)**

**Subsidiary undertakings**

The Company controls, through its holding of more than 50% of the share capital, the following companies

Name	Country of incorporation	Class of shares	Holding	Principal activity
Pentagon Freight Services (Pty) Limited	South Africa	Ordinary	100%	International freight forwarding
Tenlink Limited	England & Wales	Ordinary	64%	International freight forwarding
Pentagon Freight Services Canada Limited	Canada	Ordinary	84%	International freight forwarding
Pentagon International GmbH	Germany	Ordinary	100%	International freight forwarding
Pentagon Oman LLC	Oman	Ordinary	70%	International freight forwarding
Pentagon Freight Services Sarl	France	Ordinary	100%	International freight forwarding
Pentagon Freight Services SCI	France	Ordinary	100%	Property Company
Northern Logistic Services (Iraq)	Iraq	Ordinary	100%	International freight forwarding
Pentagon Freight Services Italia Srl	Italy	Ordinary	60%	International freight forwarding
Pentagon Freight Services South Korea	South Korea	Ordinary	80%	International freight forwarding
Pentagon Freight	Netherlands	Ordinary	100%	International freight forwarding
Pentagon Freight Services Atyrau	Kazakhstan	Ordinary	75%	International freight forwarding
Pentagon Freight Services Aktau	Kazakhstan	Ordinary	75%	International freight forwarding
Pentagon Freight Services	Kenya	Ordinary	100%	International freight forwarding
Pentagon Freight Services LLC	United Arab Emirates	Ordinary	100%	International freight forwarding
Pentagon Freight Services (India) PVT Limited	India	Ordinary	100%	International freight forwarding
Pentagon Freight Services BVI Limited	British Virgin Islands	Ordinary	100%	International freight forwarding

**PENTAGON FREIGHT SERVICES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

**14. Fixed asset investments (continued)**

Pentagon Freight Services Korea BVI	Korea	Ordinary	100%	International freight forwarding
Pentagon Freight Services Qatar	Qatar	Ordinary	65%	International freight forwarding
Pentagon Freight Services Romania	Romania	Ordinary	100%	International freight forwarding
Pentagon Transport Limited	UK	Ordinary	100%	International freight forwarding
Pentagon Logistica de Frete Brazil Ltda	Brazil	Ordinary	66.6%	International freight forwarding
Pentagon Freight Services Inc.	USA	Ordinary	22.5%*	International freight forwarding

\*This is treated as subsidiary company as additional 60% ownership interest is held by the ultimate parent company.

**Participating interests**

The following were associated undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Pentagon Freight Services (China Holdings) Limited	China	Ordinary	40%	International freight forwarding
Pentagon North Europe AS	Norway	Ordinary	50%	International freight forwarding
Pentagon Freight Services Egypt Limited	Egypt	Ordinary	26%	International freight forwarding

**PENTAGON FREIGHT SERVICES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

<b>15. Debtors</b>	<b>2022</b> £	<b>2021</b> £
<b>Amounts falling due within one year</b>		
Trade debtors	13,474,480	7,900,058
Amounts owed by group undertakings	11,529,669	9,851,745
Other debtors	150,349	163,313
Prepayments and accrued income	524,698	347,195
Corporation tax	-	245,090
	<u>25,679,196</u>	<u>18,507,401</u>
<b>16. Cash and cash equivalents</b>	<b>2022</b> £	<b>2021</b> £
Cash at bank and in hand	<u>4,071,780</u>	<u>4,123,212</u>
<b>17. Creditors: Amounts falling due within one year</b>	<b>2022</b> £	<b>2021</b> £
Trade creditors	9,433,593	6,390,293
Amounts owed to group undertakings	4,347,787	4,244,650
Taxation and social security	236,146	195,746
Other creditors	1,734,128	681,894
Accruals and deferred income	608,783	366,541
Corporation tax	419,168	-
	<u>16,779,605</u>	<u>11,879,124</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

**18. Financial instruments**

	2022 £	2021 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	4,011,480	4,123,212
Financial assets that are debt instruments measured at amortised cost	25,154,498	18,160,206
	<u>29,165,978</u>	<u>22,283,418</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(16,779,605)	(11,879,124)
	<u>(16,779,605)</u>	<u>(11,879,124)</u>

Financial assets measured at amortised cost comprise trade and other debtors. Financial liabilities measured at amortised cost comprise trade and other creditors including taxation.

**19. Deferred taxation**

	2022 £	2021 £
Balance brought forward	(293,303)	(141,521)
Profit and loss movement arising during the year (Note 12)	(93,399)	(151,782)
	<u>(386,702)</u>	<u>(293,303)</u>

The provision is made up of as follows:

	2022 £	2021 £
Fixed asset timing differences	393,388	298,385
Short term timing differences	(6,686)	(5,082)
	<u>(386,702)</u>	<u>(293,303)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

**20. Contingent liabilities**

At the year end, guarantees made on behalf of associates at the balance sheet date total £427,526 (2021: £436,376) and those made on behalf of subsidiaries total £223,758 (2021: £239,781).

Additionally, guarantees were made to HM Revenue & Customs to the value of £60,000 (2021: £60,000) and in respect of performance and tender bonds to the value of nil (2021: £5,186).

Barclays Bank have a debenture issued in 1987, providing a fixed and floating charge over the assets of the Company in respect of these borrowings and any future use of facilities.

The Directors also issued a letter of financial support to Pentagon International B.V for 12 months on July 1<sup>st</sup>, 2021, to assist the continuity of its operations.

**21. Related party transactions**

The Company has taken advantage of the exemptions conferred by FRS 102 not to disclose transactions with group undertakings where 100% of the share capital is held within the group and the consolidated financial statements are publicly available.

All fellow subsidiary entities are controlled by the ultimate parent company, Pentagon Holdings Limited, which is incorporated in the United Kingdom.

During the year, the aggregate amount of sales to associates of Pentagon Holdings Limited amounted to £666,500 (2021: £537,302), and the aggregate amount of purchases from these entities amounted to £3,510,247 (2021: £2,138,841).

At the balance sheet date, the aggregate balance of the amounts owed to the Company by associates of Pentagon Holdings Limited was £671,870 (2021: £418,773). The aggregate balance of the amounts owed by the Company to associates of Pentagon Holdings Limited was £1,104,781 (2021: £647,717).

**22. Share capital**

	2022	2021
	£	£
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary shares of £1 each	100,000	100,000

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

**23. Commitments under operating leases**

At 30 April 2022, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
<b>Land and buildings</b>		
Not later than 1 year	668,766	675,824
Later than 1 year and not later than 5 years	2,118,943	2,264,874
Later than 5 years and not later than 10 years	1,805,147	2,326,382
	4,592,856	5,267,080
<b>Total</b>	<b>4,592,856</b>	<b>5,267,080</b>
<b>Other operating leases</b>		
Not later than 1 year	50,697	56,001
Later than 1 year and not later than 5 years	92,488	142,038
	143,185	198,039
<b>Total</b>	<b>143,185</b>	<b>198,039</b>

**24. Controlling party**

The Directors are of the opinion that the controlling party for both years is the GR Smith Will Trust.

**25. Ultimate parent company**

The parent company of the largest and smallest group of undertakings for which consolidated group accounts are drawn up and of which this company is a member is Pentagon Holdings Limited, a company incorporated in England and Wales. A copy of the financial statements of that company can be obtained from Companies House.

The directors regard Pentagon Holdings Limited as being this company's immediate and ultimate parent company.