

PENTAGON FREIGHT SERVICES PLC

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**



8

PENTAGON FREIGHT SERVICES PLC

COMPANY INFORMATION

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

PENTAGON FREIGHT SERVICES PLC

CONTENTS

	Page
Strategic Report	1 - 6
Directors' Report	7 - 8
Independent Auditor's Report	9 - 12
Statement of Comprehensive Income	13
Balance Sheet	14
Statement of Changes in Equity	15
Notes to the Financial Statements	16 - 33

PENTAGON FREIGHT SERVICES PLC

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

The directors present their strategic report together with the audited financial statements for the year ended 30 April 2021.

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, 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 standardised systems that support our global customers.

Results and business review

Turnover was 9.6% lower than the previous financial year. Increased activity levels experienced in 2019 continued at comparable margins until March 2020. The World Health Organisation announced the Covid-19 outbreak as a pandemic on 11 March 2020 and at that point, the global lockdown started to severely impact international trade around the world.

This created significant uncertainty in the energy and resources industries, with the price of Brent Crude dropping to USD25.00 per barrel in April 2020 compared to USD73.00 per barrel a year earlier. This resulted in a reduction of investment and day to day activity as the global organisations managing these resources, dramatically reduced their operating cost models.

Our global emergency response team worked alongside the local management helping with the common key issues for all our global sites. This included a focus on employee welfare and communication, ensuring secure remote access to our cloud-based systems, global cyber security and fraud awareness refresher training, a strong focus on managing credit risk, and ensuring the direct cost base reflected the reduced volumes.

Regular updates were issued to customers, ensuring that they had the best options available to meet their individual needs on a business-as-usual basis in a challenging and fast changing market. Service and delivery standards were well maintained, ensuring that all customers remained loyal during these challenging times.

At the end of January 2021, the company relocated to a new operational hub situated within the Thames Gateway development at Dartford. This new facility houses all customer-facing roles that were previously being performed at our Stanwell and Orpington locations. This large, centralised hub enables the company to better support its customer's requirements, predominantly outside of the energy and resource industries within the London area.

In the UK, across the financial year, our volumes compared to the strong growth experienced prior to Covid-19 were approximately 21% lower. During this period of uncertainty, we received support through the government

PENTAGON FREIGHT SERVICES PLC

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

furlough scheme of £259,005 (prior year £47,800), which was recognised as other income within EBITDA. In addition to this, our operations were restructured in line with the new levels of demand, and this resulted in costs of £114,105.

Since March 2021 as the world begun to re-open and demand in the market increases, our volumes have also increased. Since the year end, our monthly volumes are 25% higher than the monthly average in comparison to the prior financial year.

In November 2020, as Brexit approached and Covid-19 had a significant impact in the USA, sterling started to appreciate against the United States dollar, showing a constant trend above USD1.30 for the first time in over two years. This continued to our financial year end, and finally closed 11% higher than the prior year and at a three year high of USD1.388.

Following a review of local market conditions, in March 2021 the decision was taken to close the trading business in Egypt. As a result of this, the Company recognised an impairment charge of £44,829 relating to loans to the local business which ceased operations on 30 April 2021.

EBITDA includes support from the government's furlough scheme but excludes the uncertainty of year end unrealised foreign exchange gains and losses on amounts owed by group undertakings. For the year EBITDA was £642,639 compared to £1,369,057 for the prior financial year, after support from the furlough scheme of £259,005 (prior year £47,800) and before unrealised foreign exchange losses of £578,661 (prior year gain £213,580).

Net profit after tax was £443,712 compared to £917,127 for the prior year.

Net current assets as at 30 April were £10,751,489, a reduction of £1,258,552 compared to £12,010,041 for the prior year. Cash reduced by £3,091,370. This was predominantly due to the execution of pre-planned long-term investment decisions, which were funded without external debt.

Investment in the new Dartford location included acquisition of fixed assets and settlement of restructuring costs for the Stanwell and Orpington sites, which together totalled £1,361,852. In addition, investments in existing Pentagon overseas entities increased by £898,397, as we acquired shares from non-controlling interests. Third party debtors to who we give credit, have increased by £1,932,512 at the year end.

In May 2020, the company acquired the remaining 16% minority interest shareholding of Pentagon Freight Services Canada from the local director. The director has remained with the business and is continuing to drive our growth strategies in the region. In addition to this, and as part of the focus to simplify the group structure, the company acquired an additional 27.5% in Pentagon Freight Services (China Holdings) Limited from Pentagon Freight Services Canada (10%) and Pentagon Freight Services Inc (17.5%). The company also acquired an additional 5% minority interest shareholding in Pentagon Freight Services Inc from an exiting director.

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.

PENTAGON FREIGHT SERVICES PLC

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

Stakeholders	Engagement	Key Topics this year	Main impact
<p>Shareholders 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 during the year.</p>	<ul style="list-style-type: none"> • Management of the impact of the Covid-19. • Financial performance against budget. • Replacement of existing sites within the M25 with our new hub location at Dartford. • Simplification of the group's structure. • Significant business development. 	<ul style="list-style-type: none"> • Shareholders are engaged, fully informed and supportive of management.
<p>Employees 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"> • As part of our ISO accreditation, we have a global code of conduct for all employees. • We have a reporting and monitoring system for the tracking of incidents and near misses from identification to resolution. • PentaNet, our internal share point site, gives employees a clear view of updates and business developments across the Pentagon group. • 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. • Regular Health and safety reviews and updates. • Training and development. • All our UK employees and their dependent children receive annual occupational health cover. 	<ul style="list-style-type: none"> • Future development plans for the new hub location at Dartford. • Regular message from the Group CEO to all staff on the business. • Employee engagement using regular updates on customer wins and job volumes processed each month. • Covid-19 employee wellbeing guidance, workplace assessments for remote working, refresher training on cyber security and fraud, return to workplace safety audits. • Internal promotion of the use of the occupational health scheme. 	<ul style="list-style-type: none"> • A confidential whistle blower's hot line accessible to all staff around the globe. • We are in the process of establishing a Health & Safety committee to consolidate the requirements of consultation and communication across all UK sites. • Employee feedback via PentaNet and the annual voice of the business exercise. • 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. • Increasing use of the occupational health scheme.

PENTAGON FREIGHT SERVICES PLC

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

<p>Customers 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"> • 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. 	<ul style="list-style-type: none"> • Contract performance. • Keeping customers updated regarding operational issues and solutions including Covid-19 and Brexit. • Working collaboratively with our key customers to meet their complex and time critical business needs. • Renegotiation of contract terms. 	<ul style="list-style-type: none"> • We maintain and strengthen long standing key customer relationships in the year. • Key customers are supportive of our move to a hub location at Dartford.
<p>Suppliers 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"> • We maintain list of approved suppliers, who are regularly screened against our internal ISO accredited QHSE criteria for international compliance, quality, health & safety, and security. 	<ul style="list-style-type: none"> • Performance reviews of approved suppliers to ensure continued compliance with our standards. • Renegotiation of contract terms 	<ul style="list-style-type: none"> • We maintain constructive long-term relationships with key suppliers.
<p>Bankers We have a long-standing relationship with our bankers, who provide support in terms of banking facilities to ensure us to invest and grow the business.</p>	<ul style="list-style-type: none"> • We have regular contact through quarterly business reviews and ad hoc day to day conversations on international operational transactions. 	<ul style="list-style-type: none"> • Financial performance of the business. • Compliance with international compliance regulations including anti Bribery, KYC, and sanctioned countries restrictions. 	<ul style="list-style-type: none"> • As a result of regular communication, the company enjoys good relations with its bankers.
<p>Community 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"> • We communicate regularly with our customers and the wider population via our website, social media, and email distribution. • We have put in place a social committee to help select and support a handful of local charities. • In Aberdeen, we have put in place an apprenticeship scheme supporting local school leavers. • In Dartford, during the year we have created a graduate/school level internship scheme, providing training support for a recognised qualification. 	<ul style="list-style-type: none"> • Develop more rounded individuals. • This year, our staff supported several charities in the year including Abernecessities who support underprivileged families in Aberdeenshire, the Sparkle Foundation who focus on improving the life chances of vulnerable children in Malawi. • Understanding cultural differences. 	<ul style="list-style-type: none"> • 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. • Enabled young adults who would otherwise not have the opportunity. • Support the social network in our local communities.

PENTAGON FREIGHT SERVICES PLC

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

		<ul style="list-style-type: none"> Understanding cultural differences. 	
<p>Environment 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"> Identified a supply chain partner to engage with for CO₂ efficiency and reductions. As part of our ISO accreditation we have global certification to ISO14001 environmental standards. 	<ul style="list-style-type: none"> Reduction of emissions to air. SECR ESOS Energy efficiency opportunities for new premises. Client usage. 	<ul style="list-style-type: none"> Energy savings identified at key facilities and reduce CO₂ usage. Measure client specific usage for journey/yearly. Upgrading facilities at new Dartford location to realise reduction in energy usage.

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 chain. 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 will support this continued development.

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.

PENTAGON FREIGHT SERVICES PLC

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

For all businesses, Covid-19 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 enabling our key decision makers.

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 46 days (2020 - 46 days).

This report was approved by the board on **9/8/2021** and signed on its behalf.



Kim Ochiltree
Director



Ashley Taylor
Director

PENTAGON FREIGHT SERVICES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2021

The directors present their report and the financial statements for the year ended 30 April 2021.

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 £443,712 (2019: £917,127).

The directors do not recommend payment of a dividend.

PENTAGON FREIGHT SERVICES PLC

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

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, 09/08/2021 and signed on its behalf.



Kim Ochiltree
Director

PENTAGON FREIGHT SERVICES PLC

**INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

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 2021 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 2021 which comprise the Profit and Loss Account, 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.

PENTAGON FREIGHT SERVICES PLC

**INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

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.

PENTAGON FREIGHT SERVICES PLC

**INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

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.


PENTAGON FREIGHT SERVICES PLC

**INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

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:


6EEEEF00CF07B4FA...

Cassie Forman-Kotsapa (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom

Date: 11 August 2021

PENTAGON FREIGHT SERVICES PLC

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2021**

	Note	2021 £	2020 £
Turnover	4	43,461,107	48,072,398
Cost of sales		(35,225,122)	(38,202,074)
Gross profit		8,235,985	9,870,324
Administrative expenses		(7,852,351)	(8,549,067)
Other Operating Income	6	259,005	47,800
EBITDA		642,639	1,369,057
Exceptional items	5	(114,105)	(739,368)
Depreciation and amortisation		(106,268)	(100,865)
Exchange differences		(578,661)	213,580
Operating (loss)/profit	5	(156,395)	742,404
Income from shares in group undertakings		601,567	335,110
Interest receivable and similar income	10	32,591	46,215
Interest payable and expenses	11	(17,463)	-
Profit before tax		460,300	1,123,729
Tax on profit	12	(16,588)	(206,602)
Profit for the year and total comprehensive income		<u>443,712</u>	<u>917,127</u>

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

PENTAGON FREIGHT SERVICES PLC

**BALANCE SHEET
AS AT 30 APRIL 2021**

	Note	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	13		4,752,094		3,796,434
Investments	14		16,309,061		15,410,664
			21,061,155		19,207,098
Current assets					
Debtors: amounts falling due within one year	15	18,507,401		16,415,702	
Cash at bank and in hand	16	4,123,212		7,214,583	
			22,630,613	23,630,285	
Creditors: amounts falling due within one year	17	(11,879,124)		(11,620,244)	
Net current assets			10,751,489	12,010,041	
Total assets less current liabilities			31,812,644	31,217,139	
Provisions for liabilities					
Deferred Tax	19		(293,303)		(141,521)
Net assets			31,519,341	31,075,618	
Capital and reserves					
Called up share capital	22		100,000		100,000
Capital redemption reserve			2,500		2,500
Profit and loss account			31,416,841		30,973,118
			31,519,341	31,075,618	

The financial statements were approved and authorised for issue by the board on 9/8/2021 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 2021**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 May 2020	100,000	2,500	30,973,129	31,075,629
Comprehensive income for the year				
Profit for the year	-	-	443,712	443,712
At 30 April 2021	<u>100,000</u>	<u>2,500</u>	<u>31,416,841</u>	<u>31,519,341</u>
	£	£	£	£
At 1 May 2019	100,000	2,500	30,055,991	30,158,491
Comprehensive income for the year				
Profit for the year	-	-	917,127	917,127
At 30 April 2020	<u>100,000</u>	<u>2,500</u>	<u>30,973,118</u>	<u>31,075,618</u>

Included within the profit and loss account reserve are undistributable reserves of £1,792,500 (2020 - £1,792,500) relating to the revaluation of a freehold property.

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

PENTAGON FREIGHT SERVICES PLC

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).

During the period of uncertainty, we received support through the government furlough scheme, which was recognised as government grant using the performance model in accordance with FRS 102.

In the two months since the financial year end, our volumes have increased 32% compared to the same period last year when lockdowns had a major impact on international supply chains. Current volumes for this period are only 10% behind those experienced in May – June 2019, prior to Covid 19. This reflects the on-going gradual improvement, as vaccination programmes create a shift in focus from international lock downs to rebuilding economies. As a direct result, the Brent Crude oil price has returned from a historic low of USD 25 per barrel to over USD 70 per barrel and some current global market forecasts suggest it could reach USD 100 per barrel in the next year. 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. 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 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.

PENTAGON FREIGHT SERVICES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

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 FRS102 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.

PENTAGON FREIGHT SERVICES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

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.

PENTAGON FREIGHT SERVICES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

2. Accounting policies (continued)

2.13 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

2.14 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.

2.15 Interest income

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

2.16 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.

PENTAGON FREIGHT SERVICES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

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 services. An analysis of geographical markets of customers is shown below.

	2021 £	2020 £
UK	30,160,099	28,985,119
Rest of the world	13,301,008	19,087,279
	<u>43,461,107</u>	<u>48,072,398</u>

5. Operating (loss)/profit

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

	2021 £	2020 £
Depreciation of tangible fixed assets	106,268	100,865
Profit and loss on disposal of fixed assets	15,090	-
Fees payable to the Company's auditor and its associates for the audit of the company's financial statements.	48,000	47,500

PENTAGON FREIGHT SERVICES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

5. Operating profit (continued)

	2021	2020
	£	£
Other fees payable to the Company's auditor and its associates in respect of taxation	7,000	7,000
Other operating lease rentals	72,282	93,419
Defined contribution pension cost	267,857	310,529
Impairments	48,829	81,457
Foreign exchange (gain)/loss	578,661	(213,580)
Bad debt provision	96,884	62,428

During the year, exceptional costs of £114,105 (2020 - £739,368) were charged to the Statement of Comprehensive Income in connection with staff downsizing, exit/final tidy up at the Heathrow site and the closure of Pentagon's Egypt operations.

6. Other operating income

	2021	2020
	£	£
Government grant for Covid-19 Job retention scheme	259,005	47,800
	<u>259,005</u>	<u>47,800</u>

7. Employees

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

	2021	2020
	£	£
Wages and salaries	4,315,322	4,962,467
Social security costs	475,603	539,280
Cost of defined contribution scheme	267,857	310,529
	<u>5,058,782</u>	<u>5,812,276</u>

PENTAGON FREIGHT SERVICES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

7. Employees (continued)

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

	2021 No.	2020 No.
Administrative	16	20
Operations and sales	80	101
	<u>96</u>	<u>121</u>

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	190,338	175,602
Company contributions to defined contribution pension schemes	1,473	4,026
	<u>191,811</u>	<u>179,628</u>

During the year retirement benefits were accruing to 2 directors (2020 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £97,973 (2020 - £94,346).

The value of the company's contribution paid to a defined contribution pension scheme in respect of the highest paid director amounted to £737 (2020 - £2,013)

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 2021**

10. Interest receivable

	2021	2020
	£	£
Other interest receivable	<u>32,591</u>	<u>46,215</u>

11. Interest payable and similar charges

	2021	2020
	£	£
Intercompany interest	17,430	-
Other interest payable	33	-
	<u>17,463</u>	<u>-</u>

PENTAGON FREIGHT SERVICES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

12. Taxation

	2021	2020
	£	£
Corporation tax		
Current tax on (loss)/profit for the year	(151,832)	187,690
Adjustments in respect of previous periods	1,553	(3,700)
Foreign taxation	15,085	-
	(135,194)	183,990
Deferred tax		
Origination and reversal of timing differences	151,783	8,623
Adjustments in respect of previous periods	(1)	-
Effect of tax rate change on opening balance	-	13,989
	151,782	22,612
Taxation on profit on ordinary activities	16,588	206,602

PENTAGON FREIGHT SERVICES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

12. Taxation (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2020–19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>460,300</u>	<u>1,123,729</u>
Tax on profit on ordinary activities at standard CT rate of 19% (PY: 19%)	87,457	213,509
Effects of:		
Expenses not deductible for tax purposes	18,035	32,906
Adjustments to tax charge in respect of prior periods	1,553	(3,700)
Adjustments to tax charge in respect of prior periods – deferred tax	(1)	-
Exempt ABGH distributions	(114,298)	(63,671)
Foreign tax credits	15,085	-
Foreign tax expensed	(2,866)	-
Adjust opening deferred tax to average rate of 19%	-	13,989
Fixed asset differences	11,623	13,569
Total tax charge for the year	<u>16,588</u>	<u>206,602</u>

PENTAGON FREIGHT SERVICES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

13. **Tangible fixed assets**

	Freehold Land and Buildings	Leasehold property	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 May 2020	4,320,920	8,875	797,050	360,455	5,487,300
Additions	-	990,572	71,356	-	1,061,928
Disposals	-	-	(385,720)	(59,876)	(445,596)
At 30 April 2021	<u>4,320,920</u>	<u>999,447</u>	<u>482,686</u>	<u>300,579</u>	<u>6,103,632</u>
Depreciation					
At 1 May 2020	585,278	-	750,619	354,969	1,690,866
Charge for the period	47,736	25,224	30,242	3,066	106,268
Disposals	-	-	(385,720)	(59,876)	(445,596)
At 30 April 2021	<u>633,014</u>	<u>25,224</u>	<u>395,141</u>	<u>298,159</u>	<u>1,351,538</u>
Net book value					
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>
At 30 April 2020	<u>3,735,642</u>	<u>8,875</u>	<u>46,431</u>	<u>5,486</u>	<u>3,796,434</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:

	2021 £	2020 £
Cost	2,528,420	2,528,420
Accumulated depreciation	(633,014)	(585,278)
Net book value	<u>1,895,406</u>	<u>1,943,142</u>

PENTAGON FREIGHT SERVICES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

14. Fixed asset investments

	Investments in subsidiary companies	Investments in associates	Total
	£	£	£
Cost or valuation			
At 1 May 2020	21,455,447	1,090,790	22,546,237
Acquisition	770,404	127,993	898,397
At 30 April 2021	<u>22,225,851</u>	<u>1,218,783</u>	<u>23,444,634</u>
Impairment			
At 1 May 2020	6,676,951	458,622	7,135,573
Charge for the year	-	-	-
At 30 April 2021	<u>6,676,951</u>	<u>458,622</u>	<u>7,135,573</u>
Net book value			
At 30 April 2021	<u>15,548,900</u>	<u>760,161</u>	<u>16,309,061</u>
At 30 April 2020	<u>14,778,496</u>	<u>632,168</u>	<u>15,410,664</u>

In the year to April 2021, Pentagon Freight Services PLC acquired shares in Pentagon Freight Services Qatar, Pentagon Freight Services Inc., Pentagon Freight Services Canada and Pentagon Freight Services (China Holdings) Limited.

PENTAGON FREIGHT SERVICES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

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	Dubai	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 2021**

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 Logistica De Frete Brazil Ltda	Brazil	Ordinary	66.6%	International freight forwarding

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 Inc.	USA	Ordinary	22.5%	International freight forwarding

PENTAGON FREIGHT SERVICES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

15. Debtors	2021	2020
	£	£
Amounts falling due within one year		
Trade debtors	7,900,058	5,976,546
Amounts owed by group undertakings	9,851,745	10,097,408
Other debtors	163,313	113,181
Prepayments and accrued income	347,195	228,567
Corporation tax	245,090	-
	<u>18,507,401</u>	<u>16,415,702</u>
16. Cash and cash equivalents	2021	2020
	£	£
Cash at bank and in hand	4,123,212	7,214,583
17. Creditors: Amounts falling due within one year	2021	2020
	£	£
Trade creditors	6,390,293	5,957,421
Amounts owed to group undertakings	4,244,650	4,144,216
Taxation and social security	195,746	198,604
Other creditors	681,894	1,034,537
Accruals and deferred income	366,541	187,977
Corporation tax	-	97,489
	<u>11,879,124</u>	<u>11,620,244</u>

PENTAGON FREIGHT SERVICES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

18. Financial instruments

	2021	2020
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	4,123,212	7,214,583
Financial assets that are debt instruments measured at amortised cost	18,160,206	16,187,135
	<u>22,283,418</u>	<u>23,401,718</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(11,879,124)	(11,620,244)
	<u>(11,879,124)</u>	<u>(11,620,244)</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

	2021	2020
	£	£
Balance brought forward	(141,521)	(118,909)
Profit and loss movement arising during the year (Note 12)	(151,782)	(22,612)
	<u>(293,303)</u>	<u>(141,521)</u>

The provision is made up of as follows:

	2021	2020
	£	£
Fixed asset timing differences	298,385	146,982
Short term timing differences	(5,082)	(5,461)
	<u>293,303</u>	<u>141,521</u>

PENTAGON FREIGHT SERVICES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

20. Contingent liabilities

At the year end, guarantees made on behalf of associates at the balance sheet date total £436,376 (2020: £388,277) and those made on behalf of subsidiaries total £239,781 (2020: £240,032).

Additionally, guarantees were made to HM Revenue & Customs to the value of £60,000 (2020: £60,000) and in respect of performance and tender bonds to the value of £5,186 (2020: £57,668).

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 1st, 2020 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 £537,302 (2020: £1,031,760), and the aggregate amount of purchases from these entities amounted to £2,138,841 (2020: £1,951,750).

At the balance sheet date, the aggregate balance of the amounts owed to the company by associates of Pentagon Holdings Limited was £418,773 (2020: £550,854). The aggregate balance of the amounts owed by the company to associates of Pentagon Holdings Limited was £647,717 (2020: £460,215).

22. Share capital

	2021	2020
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

PENTAGON FREIGHT SERVICES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

23. Commitments under operating leases

At 30 April 2021, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Land and buildings		
Not later than 1 year	675,824	333,530
Later than 1 year and not later than 5 years	2,264,874	373,379
Later than 5 years and not later than 10 years	2,326,382	-
	<u>5,267,080</u>	<u>706,909</u>
Total	5,267,080	706,909
	2021 £	2020 £
Other operating leases		
Not later than 1 year	56,001	37,055
Later than 1 year and not later than 5 years	142,038	88,776
	<u>198,039</u>	<u>125,831</u>
Total	198,039	125,831

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.