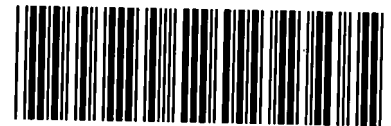

SEACON GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

TUESDAY



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SEACON GROUP LIMITED

COMPANY INFORMATION

Directors	J A Roth M Dale
Company secretary	K Jeeves
Registered number	04221248
Registered office	Tower Wharf Northfleet Kent DA11 9BD
Independent auditors	Barnes Roffe LLP Chartered Accountants & Statutory Auditor Charles Lake House Claire Causeway Crossways Business Park Dartford Kent DA2 6QA
Bankers	Lloyds TSB Bank Plc Orchard Brae PO Box 72 Bailey Drive Gillingham Business Park Kent ME8 0LS

SEACON GROUP LIMITED

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SEACON GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

Introduction

The directors present their report and the financial statements of the group for the year ended 30 September 2017.

Business review

The group carries on business as stevedores, wharfingers and warehouseman, freight contractors, ship operators and general shipping and forwarding agents.

The directors are satisfied with the performance of this business.

Principal risks and uncertainties

The key business risks and uncertainties affecting the group relate to the stability of the UK economy, competition from similar operators in the industry and legacy costs associated with pension liabilities.

Financial key performance indicators

Given the straight forward nature of the business the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the board on **21 MARCH 2018** and signed on its behalf.



J A Roth
Director

SEACON GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors present their report and the financial statements for the year ended 30 September 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the group and of the profit or loss of the group for that period.

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

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £136,805 (2016 - £1,760,497).

Dividends of £500,000 (2016: £150,000) were paid during the year.

Directors

The directors who served during the year were:

J A Roth
M Dale

Future developments

The group continues to trade profitably and to pursue opportunities to improve its performance and financial position.

SEACON GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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

Post balance sheet events

On January 8, 2018, the group completed the acquisition of a neighbouring plot of freehold land. The group is committed to a programme of demolition works that will have the effect of increasing our open storage space by around 10,000 sqm. We are confident that this will open new business opportunities.

This report was approved by the board on **21 MARCH 2018** and signed on its behalf.



J A Roth
Director

SEACON GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SEACON GROUP LIMITED

Opinion

We have audited the financial statements of Seacon Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2017, which comprise the group Statement of comprehensive income, the group and company Balance sheets, the group Statement of cash flows, the group and company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2017 and of the group's 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

SEACON GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SEACON GROUP LIMITED (CONTINUED)

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 Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

SEACON GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SEACON GROUP LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 Auditors' 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.

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



Mario Ciantanni (Senior statutory auditor)
for and on behalf of
Barnes Roffe LLP
Chartered Accountants & Statutory Auditor
Charles Lake House
Claire Causeway
Crossways Business Park
Dartford
Kent
DA2 6QA

Date: 11 April 2018

SEACON GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	Continuing operations 2017 £	Discontin'd operations 2017 £	Total 2017 £	Continuing operations 2016 £	Discontinued operations 2016 £	Total 2016 £
Turnover	4	14,139,362	-	14,139,362	13,462,922	3,327,595	16,790,517
Cost of sales		(7,794,984)	-	(7,794,984)	(7,527,109)	(1,421,843)	(8,948,952)
Gross profit		6,344,378	-	6,344,378	5,935,813	1,905,752	7,841,565
Distribution costs		(1,030,474)	-	(1,030,474)	(975,731)	-	(975,731)
Administrative expenses		(4,802,306)	-	(4,802,306)	(3,890,368)	(1,631,469)	(5,521,837)
Other operating income	5	21,386	-	21,386	27,872	936,454	964,326
Exceptional other operating charges	15	(335,558)	-	(335,558)	-	(30,000)	(30,000)
Operating profit	6	197,426	-	197,426	1,097,586	1,180,737	2,278,323
Income from fixed assets investments		36,004	-	36,004	-	-	-
Interest receivable and similar income	10	-	-	-	10	-	10
Interest payable and expenses	11	(37,457)	-	(37,457)	(48,907)	(2,102)	(51,009)
Other finance income		(19,000)	-	(19,000)	(8,000)	-	(8,000)
Profit before taxation		176,973	-	176,973	1,040,689	1,178,635	2,219,324
Tax on profit	13	(40,168)	-	(40,168)	(318,805)	(140,022)	(458,827)
Profit for the financial year		136,805	-	136,805	721,884	1,038,613	1,760,497
Actuarial gains/(losses) on defined benefit pension scheme				625,000			(652,000)
Movement of deferred tax relating to defined benefit pension scheme deficit				(123,780)			132,000
Exchange differences on retranslation of net assets of subsidiary				33,254			112,167
Other comprehensive income for the year				534,474			(407,833)
Total comprehensive income for the year				671,279			1,352,664

The notes on pages 16 to 39 form part of these financial statements.

SEACON GROUP LIMITED
REGISTERED NUMBER: 04221248

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	17		513,014		594,560
Tangible assets	18		12,508,752		12,982,737
Investments	19		780,354		780,354
			<u>13,802,120</u>		<u>14,357,651</u>
Current assets					
Stocks	21	22,651		24,120	
Debtors	22	2,526,567		2,960,313	
Cash at bank and in hand	23	1,319,081		1,482,690	
			<u>3,868,299</u>		<u>4,467,123</u>
Creditors: amounts falling due within one year	24	(2,723,166)		(3,048,976)	
Net current assets			<u>1,145,133</u>		<u>1,418,147</u>
Total assets less current liabilities			<u>14,947,253</u>		<u>15,775,798</u>
Creditors: amounts falling due after more than one year	25		(855,907)		(1,359,053)
Provisions for liabilities					
Other provisions	28		(277,579)		(168,257)
Net assets excluding pension liability			<u>13,813,767</u>		<u>14,248,488</u>
Pension liability			(258,000)		(864,000)
Net assets			<u><u>13,555,767</u></u>		<u><u>13,384,488</u></u>
Capital and reserves					
Called up share capital	29		250,000		250,000
Share premium account			4,698,020		4,698,020
Revaluation reserve			5,376,923		5,572,982
Capital redemption reserve			17		17
Profit and loss account			3,230,807		2,863,469
Equity attributable to owners of the parent company			<u><u>13,555,767</u></u>		<u><u>13,384,488</u></u>

SEACON GROUP LIMITED
REGISTERED NUMBER: 04221248

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2017

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

21 MARCH 2018

J A Roth
Director

The notes on pages 16 to 39 form part of these financial statements.

SEACON GROUP LIMITED
REGISTERED NUMBER: 04221248

COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Investments	19		4,314,301		4,314,301
			<u>4,314,301</u>		<u>4,314,301</u>
Current assets					
Debtors	22	1,887,424		1,982,823	
Cash at bank and in hand	23	29,229		5,840	
		<u>1,916,653</u>		<u>1,988,663</u>	
Creditors: amounts falling due within one year	24	(3,040)		(3,040)	
Net current assets			<u>1,913,613</u>		<u>1,985,623</u>
Total assets less current liabilities			<u>6,227,914</u>		<u>6,299,924</u>
Net assets			<u>6,227,914</u>		<u>6,299,924</u>
Capital and reserves					
Called up share capital	29		250,000		250,000
Share premium account			4,698,020		4,698,020
Capital redemption reserve			17		17
Profit and loss account			1,279,877		1,351,887
			<u>6,227,914</u>		<u>6,299,924</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 MARCH 2018.

J A Roth
Director

The notes on pages 16 to 39 form part of these financial statements.

SEACON GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Re- valuation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 October 2016	250,000	4,698,020	17	5,572,982	2,863,469	13,384,488
Profit for the year	-	-	-	-	136,805	136,805
Actuarial gain on pension scheme	-	-	-	-	501,220	501,220
Exchange differences on retranslation of net assets of subsidiary	-	-	-	-	33,254	33,254
Dividends: Equity capital	-	-	-	-	(500,000)	(500,000)
Additional depreciation on revalued assets transferred from revaluation reserve	-	-	-	-	196,059	196,059
Additional depreciation on revalued assets transferred to profit and loss account	-	-	-	(196,059)	-	(196,059)
At 30 September 2017	250,000	4,698,020	17	5,376,923	3,230,807	13,555,767

SEACON GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Called up share capital	Share premium account	Capital redemption reserve	Re- valuation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 October 2015	250,000	4,698,020	17	5,769,041	1,464,746	12,181,824
Profit for the year	-	-	-	-	1,760,497	1,760,497
Actuarial loss on pension scheme	-	-	-	-	(520,000)	(520,000)
Exchange differences on retranslation of net assets of subsidiary	-	-	-	-	112,167	112,167
Dividends: Equity capital	-	-	-	-	(150,000)	(150,000)
Additional depreciation on revalued assets transferred from revaluation reserve	-	-	-	-	196,059	196,059
Additional depreciation on revalued assets transferred to profit and loss account	-	-	-	(196,059)	-	(196,059)
At 30 September 2016	250,000	4,698,020	17	5,572,982	2,863,469	13,384,488

The notes on pages 16 to 39 form part of these financial statements.

SEACON GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2016	250,000	4,698,020	17	1,351,887	6,299,924
Profit for the year	-	-	-	427,990	427,990
Dividends: Equity capital	-	-	-	(500,000)	(500,000)
At 30 September 2017	250,000	4,698,020	17	1,279,877	6,227,914

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2015	250,000	4,698,020	17	1,183,887	6,131,924
Comprehensive income for the year					
Profit for the year	-	-	-	318,000	318,000
Dividends: Equity capital	-	-	-	(150,000)	(150,000)
At 30 September 2016	250,000	4,698,020	17	1,351,887	6,299,924

The notes on pages 16 to 39 form part of these financial statements.

SEACON GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	136,805	1,760,497
Adjustments for:		
Amortisation of intangible assets	81,546	81,546
Depreciation of tangible assets	681,294	673,601
(Profit) on disposal of goodwill	-	(784,388)
(Profit) on disposal of tangible assets	(13,440)	(152,816)
Interest paid	37,457	59,009
Investment and interest income	(36,004)	(10)
Taxation charge	40,168	458,827
Decrease/(increase) in stocks	1,469	(5,579)
Decrease/(increase) in debtors	320,904	(91,345)
(Decrease) in creditors	(76,381)	(464,551)
Decrease/(increase) in provisions	109,322	(15,316)
Corporation tax (paid)	(184,728)	(160,600)
Net cash generated from operating activities	1,098,412	1,358,875
Cash flows from investing activities		
Sale of goodwill	-	784,388
Purchase of tangible fixed assets	(156,153)	(406,116)
Sale of tangible fixed assets	23,000	201,611
Purchase of fixed asset investments	-	(780,354)
Interest received	-	10
Dividends received	36,004	-
Net cash from investing activities	(97,149)	(200,461)
Cash flows from financing activities		
New secured loans	-	300,000
Repayment of loans	(492,082)	(390,231)
Dividends paid	(500,000)	(150,000)
Interest paid	(37,457)	(51,009)
Net cash used in financing activities	(1,029,539)	(291,240)
Net (decrease)/increase in cash and cash equivalents	(28,276)	867,174
Cash and cash equivalents at beginning of year	1,347,357	480,183
Cash and cash equivalents at the end of year	1,319,081	1,347,357

SEACON GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017 £	2016 £
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,319,081	1,482,690
Bank overdrafts	-	(135,333)
	<u>1,319,081</u>	<u>1,347,357</u>

The notes on pages 16 to 39 form part of these financial statements.

SEACON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

1. General information

The company, incorporated in England and Wales, has its registered office at Tower Wharf, Northfleet, Kent, DA11 9BD. The company's principal activity is that of a holding company.

The group's principal activity continued to be that of stevedores, wharfingers and warehousemen, freight contractors, ship operators and general shipping and forwarding agents.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 group management to exercise judgment in applying the group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the group and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

SEACON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

2. Accounting policies (continued)

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical 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.

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

Depreciation is provided on the following basis:

Freehold property	- Depreciation is not provided on freehold property.
Leasehold Property	- Over the life of the lease
Plant & Machinery	- 10% - 50% on written down value
Motor Vehicles	- 30% - 40% on written down value or 25% on cost
Fixtures & Fittings	- 10% - 50% on cost

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 in the Consolidated statement of comprehensive income.

Depreciation is not provided on freehold land. Depreciation has not been provided on the freehold property as it is maintained regularly to a high standard and the depreciation of the property would not have a material effect on the financial statements.

SEACON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

2. Accounting policies (continued)

2.6 Revaluation of tangible fixed assets

In accordance with the provisions under FRS 102 paragraph 35.10, the freehold and leasehold property previously revalued before the date of transition, on 3 June 2015, has been included in the accounts at this valuation which has been taken as deemed cost.

Revaluation gains previously recognised are shown within the revaluation reserve on the balance sheet.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historic cost depreciation charge on these assets is transferred annually from the revaluation reserve to the profit and loss account.

2.7 Valuation of investments

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

2.8 Stocks

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

2.9 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 measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

SEACON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

2. Accounting policies (continued)

2.11 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

2. Accounting policies (continued)

2.14 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.17 Operating leases: the group as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

SEACON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plans

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group 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 group in independently administered funds.

The group also contributes to group personal pension policies, such contributions being charged against profits when paid.

Defined benefit pension plan

The group operates a defined benefit plan, which is closed for accrual of future benefits. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed in other comprehensive income.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- (a) the increase in pension benefit liability arising from employee service during the period; and
- (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'finance expense / income'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

2. Accounting policies (continued)

2.19 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.20 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge 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 and the group operate and generate 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.

2.22 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

2.23 Working capital facility

The group borrows against its trade debts. The accounting policy is to include trade debtors discounted with recourse under trade debtors due within one year and to record the returnable element of the proceeds under creditors due within one year. Discount fees are charged to the profit and loss account when payable.

SEACON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

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

a) Critical judgements in applying the company's accounting policies:

There were no significant judgments exercised by management in the preparation of the financial statements.

b) Key accounting estimates and assumptions:

The group made key assumptions regarding the useful economic life of intangible fixed assets and tangible fixed assets and this is further described in notes 2.4 and 2.5 respectively.

The group also makes key assumptions and estimates, with the assistance of independent actuaries, in respect of the defined benefit pension scheme liability as further described in note 2.18.

4. Turnover

The whole of the turnover is attributable to the principal activities of the group.

All turnover arose within the United Kingdom.

5. Other operating income

	2017 £	2016 £
Net rents receivable	21,386	27,872
Profit on disposal of goodwill and contracts of Liverpool operation	-	784,388
Profit on disposal of tangible fixed assets of Liverpool operation	-	152,066
	<u>21,386</u>	<u>964,326</u>

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	681,298	673,600
Amortisation of intangible assets, including goodwill	81,546	81,546
Time charter costs	1,584,856	1,389,496
Exchange differences	(19,681)	(421,778)
Other operating lease rentals	<u>786,045</u>	<u>650,626</u>

SEACON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

7. Auditors' remuneration

	2017 £	2016 £
Fees payable to the group's auditor for the audit of the group's annual financial statements	18,590	18,675
All other services	7,716	4,500
	<u>26,306</u>	<u>23,175</u>

8. Employees

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

	Group 2017 £	Group 2016 £
Wages and salaries	3,139,115	3,776,453
Social security costs	343,789	378,911
Cost of defined contribution scheme	194,746	211,621
	<u>3,677,650</u>	<u>4,366,985</u>

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

	2017 No.	2016 No.
Distribution staff	22	27
Administrative staff	31	38
Other staff	31	36
	<u>84</u>	<u>101</u>

The company has no employees other than the directors, who did not receive any remuneration from the company (2016 - £NIL).

SEACON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

9. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	116,989	96,505
Company contributions to defined contribution pension schemes	8,570	27,455
	<u>125,559</u>	<u>123,960</u>

During the year retirement benefits were accruing to 1 directors (2016 - 1) in respect of defined contribution pension schemes.

10. Interest receivable

	2017 £	2016 £
Other interest receivable	-	10
	<u>-</u>	<u>10</u>

11. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	37,014	51,009
Other interest payable	443	-
	<u>37,457</u>	<u>51,009</u>

12. Other finance costs

	2017 £	2016 £
Interest income on defined benefit pension scheme assets	263,000	397,000
Interest expense on defined benefit pension scheme liabilities	(282,000)	(405,000)
	<u>(19,000)</u>	<u>(8,000)</u>

SEACON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

13. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	967	167,987
Deferred tax		
Origination and reversal of timing differences	39,201	290,840
Taxation on profit on ordinary activities	<u>40,168</u>	<u>458,827</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19/20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>176,973</u>	<u>2,219,324</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19/20% (2016 - 20%)	34,510	443,865
Effects of:		
Expenses not deductible for tax purposes, including goodwill amortisation and impairment	22,179	2,334
Capital allowances for year in excess of depreciation	(40,339)	(61,130)
Utilisation of tax losses	(23,166)	(131,075)
Difference in taxation on chargeable capital gains	-	(86,007)
Dividend income not taxable	(7,021)	-
Unrelieved tax losses carried forward	14,804	-
Deferred tax charge	39,201	290,840
Total tax charge for the year	<u>40,168</u>	<u>458,827</u>

Factors that may affect future tax charges

The group has carried forward trading losses of £262,839 (2016: £305,719) to offset against future taxable profits.

SEACON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

14. Dividends

	2017 £	2016 £
Dividends paid on equity capital	<u>500,000</u>	<u>150,000</u>

15. Exceptional other operating charges

	2017 £	2016 £
Redundancy costs	<u>335,558</u>	<u>30,000</u>

16. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £427,990 (2016 - £318,000).

SEACON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

17. Intangible assets

Group

	Positive goodwill £	Negative goodwill £	Total £
Cost			
At 1 October 2016	3,708,662	(3,750,433)	(41,771)
At 30 September 2017	<u>3,708,662</u>	<u>(3,750,433)</u>	<u>(41,771)</u>
Amortisation			
At 1 October 2016	2,284,201	(2,920,532)	(636,331)
Charge for the year	185,433	(103,887)	81,546
At 30 September 2017	<u>2,469,634</u>	<u>(3,024,419)</u>	<u>(554,785)</u>
Net book value			
At 30 September 2017	<u>1,239,028</u>	<u>(726,014)</u>	<u>513,014</u>
At 30 September 2016	<u>1,424,461</u>	<u>(829,901)</u>	<u>594,560</u>

SEACON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

18. Tangible fixed assets

Group

	Freehold property £	Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Fixtures & Fittings £	Total £
Cost or valuation						
At 1 October 2016	848,640	10,231,772	10,252,382	19,255	163,655	21,515,704
Additions	-	2,000	150,956	-	3,197	156,153
Disposals	-	-	(421,844)	-	(9,065)	(430,909)
Exchange adjustments	-	-	109,836	-	-	109,836
At 30 September 2017	848,640	10,233,772	10,091,330	19,255	157,787	21,350,784
Depreciation						
At 1 October 2016	-	1,738,117	6,651,754	19,255	123,840	8,532,966
Charge for the year on owned assets	-	319,482	350,220	-	11,596	681,298
Disposals	-	-	(412,284)	-	(9,065)	(421,349)
Exchange adjustments	-	-	49,117	-	-	49,117
At 30 September 2017	-	2,057,599	6,638,807	19,255	126,371	8,842,032
Net book value						
At 30 September 2017	848,640	8,176,173	3,452,523	-	31,416	12,508,752
At 30 September 2016	848,640	8,493,655	3,600,628	-	39,815	12,982,738

Revaluation (Deemed Cost)

The group has opted to take the exemption from FRS102 paragraph 35.10(d), that provides an optional exemption for first-time adopters of the new FRS, to elect to use the previous revaluations performed at or before transition as deemed cost.

Both the freehold and leasehold property were revalued on 3 June 2015 at open market value on the basis of existing use by Lambert Smith Hampton. The group is using these valuations as deemed cost.

SEACON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

18. Tangible fixed assets (continued)

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

	2017 £	2016 £
Group		
Cost	10,828,038	10,828,038
Accumulated depreciation	(7,372,704)	(7,253,817)
Net book value	<u>3,455,334</u>	<u>3,574,221</u>

19. Fixed asset investments

Group

	Other Fixed Asset Investments £
Cost or valuation	
At 1 October 2016	805,354
At 30 September 2017	<u>805,354</u>
Impairment	
At 1 October 2016	25,000
At 30 September 2017	<u>25,000</u>
Net book value	
At 30 September 2017	<u>780,354</u>
At 30 September 2016	<u>780,354</u>

SEACON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

19. Fixed asset investments (continued)

Company

	Investments in Subsidiaries £	Other Fixed Asset Investments £	Total £
Cost or valuation			
At 1 October 2016	9,475,389	805,354	10,280,743
At 30 September 2017	9,475,389	805,354	10,280,743
Impairment			
At 1 October 2016	5,941,442	25,000	5,966,442
At 30 September 2017	5,941,442	25,000	5,966,442
Net book value			
At 30 September 2017	3,533,947	780,354	4,314,301
At 30 September 2016	3,533,947	780,354	4,314,301

20. Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country	Holding	Principal activity
Seacon Terminals Limited	UK	100 %	Stevedores, wharfingers and freight forwarders
Freight Express-Seacon (Rye) Limited	UK	100 %	Shipbrokers and agents
Stevedoring and Haulage Services Limited	UK	100 %	Suppliers of casual dock labour
Seacon (SG) Limited (Formerly Stanton Grove Limited)	UK	100 %	Warehousing and distribution
Seacon Transport Limited	UK	100 %	Haulage contractor
Seacon Shipping BV	Holland	100 %	Intermediary holding company
Shannon Shipping BV	Holland	100 %	Ship operator
Charente Shipping BV	Holland	100 %	Ship operator

SEACON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

21. Stocks

	Group 2017 £	<i>Group 2016 £</i>	Company 2017 £	<i>Company 2016 £</i>
Raw materials	22,651	24,120	-	-

22. Debtors

	Group 2017 £	<i>Group 2016 £</i>	Company 2017 £	<i>Company 2016 £</i>
Amounts owed by group undertakings	-	-	1,606,597	1,806,597
	-	-	1,606,597	1,806,597
Trade debtors	1,730,790	2,045,318	-	-
Amounts owed by group undertakings	-	-	268,226	176,226
Other debtors	173,866	181,084	12,601	-
Prepayments and accrued income	574,916	523,935	-	-
Deferred taxation	46,995	209,976	-	-
	2,526,567	2,960,313	1,887,424	1,982,823

23. Cash and cash equivalents

	Group 2017 £	<i>Group 2016 £</i>	Company 2017 £	<i>Company 2016 £</i>
Cash at bank and in hand	1,319,081	1,482,690	29,229	5,840
Less: bank overdrafts	-	(135,333)	-	-
	1,319,081	1,347,357	29,229	5,840

SEACON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

24. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdrafts	-	135,333	-	-
Bank loans	500,920	489,856	-	-
Trade creditors	1,359,141	1,419,049	-	-
Corporation tax	-	133,622	-	-
Other taxation and social security	162,786	87,858	-	-
Other creditors	6,508	31,223	3,040	3,040
Accruals and deferred income	693,811	752,035	-	-
	2,723,166	3,048,976	3,040	3,040

The group has working capital facilities which were drawn down by £Nil (2016: £135,333) as at 30 September 2017 and this is secured by a fixed charge over the groups book debts and a floating charge over the other assets of the group.

25. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	855,907	1,359,053	-	-
	855,907	1,359,053	-	-

Secured loans

Bank borrowings of £1,355,942 (2016: £1,846,998) are secured by:

- a first legal charge over the leasehold land and buildings at Tower Wharf,
- a first legal charge over the freehold land and buildings at Tower Wharf,
- an unlimited debenture from the company, and
- a cross guarantee and set off agreement between the company and the following group companies; Freight-Express Seacon (Rye) Limited, Seacon Transport Limited and Seacon Terminals Limited.

SEACON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

26. Loans

Analysis of the maturity of loans is given below:

	Group 2017 £	<i>Group 2016 £</i>	Company 2017 £	<i>Company 2016 £</i>
Amounts falling due within one year				
Bank loans	500,920	489,856	-	-
Amounts falling due 1-2 years				
Bank loans	504,855	500,034	-	-
Amounts falling due 2-5 years				
Bank loans	351,052	859,019	-	-
	<u>1,356,827</u>	<u>1,848,909</u>	<u>-</u>	<u>-</u>

27. Deferred taxation

Group

	2017 £	<i>2016 £</i>
At beginning of year	209,976	368,816
Charged to the profit or loss and other comprehensive income	(162,981)	(158,840)
At end of year	<u>46,995</u>	<u>209,976</u>

Of the above, £39,201 (2016: £290,840) has been charged to the profit and loss account in respect of accelerated capital allowances, capital gains rolled over and losses carried forward, and £123,780 has been charged (2016: £132,000 credited) to other comprehensive income in respect of the defined benefit pension scheme.

SEACON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

27. Deferred taxation (continued)

At end of year

The deferred tax asset is made up as follows:

	Group 2017 £	<i>Group 2016 £</i>	Company 2017 £	<i>Company 2016 £</i>
Capital gains rolled over	(60,413)	(63,592)	-	-
Capital allowances to be utilised	8,451	39,624	-	-
Deferred tax attributable to defined benefit pension scheme liability	49,020	172,800	-	-
Tax losses carried forward	49,937	61,144	-	-
	46,995	209,976	-	-

28. Provisions

Group

	Provisions £
At 1 October 2016	168,257
Charged to profit or loss	109,322
At 30 September 2017	277,579

The provision is in respect of maintenance and repair costs based on a special survey of the group's charter ships.

29. Share capital

	2017 £	<i>2016 £</i>
Shares classified as equity		
Allotted, called up and fully paid		
2,500,000 Ordinary shares of £0.10 each	250,000	250,000

SEACON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

30. Pension commitments

The group operates a defined benefit pension scheme that provides defined benefits. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustees are responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustees of the Scheme are required to act in the best interests of the beneficiaries of the Scheme.

There are currently two categories of pension scheme member:

- Deferred members: members who have left the Scheme with deferred benefits
- Pensioner members: in receipt of pension.

Future funding obligation

The Trustees are required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustees as at 30 September 2014. This valuation revealed a funding shortfall of £1,706,000. The group were paying annual contributions at the rate of £265,224 (£22,102 per month) at that time. However, following the results of the valuation at 30 September 2014 and taking into account post-valuation events which had a positive impact on the Scheme's funding position, there was no need for the group to continue making contributions. Hence, the group does not expect to pay any contributions during the accounting year beginning 1 October 2017. The actuarial valuation as at 30 September 2017 is now being prepared, but the results are not yet known.

Reconciliation of present value of plan assets and liabilities:

	2017 £	2016 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	12,995,000	11,447,000
Interest income	282,000	405,000
Actuarial gains/losses	(733,000)	1,734,000
Benefits paid	(611,000)	(591,000)
At the end of the year	11,933,000	12,995,000

	2017 £	2016 £
Reconciliation of present value of plan assets		
At the beginning of the year	12,131,000	11,243,000
Interest income	263,000	397,000
Returns on assets excluding interest income	(108,000)	1,082,000
Benefits paid	(611,000)	(591,000)
At the end of the year	11,675,000	12,131,000

SEACON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

30. Pension commitments (continued)

Composition of plan assets:

	2017 £	2016 £
Equities / Diversified Growth Fund	8,799,000	2,490,000
Bonds	-	6,357,000
Cash	26,000	26,000
Annuities	2,850,000	3,258,000
Total plan assets	11,675,000	12,131,000
	2017 £	2016 £
Fair value of plan assets	11,675,000	12,131,000
Present value of plan liabilities	(11,933,000)	(12,995,000)
Net pension scheme liability	(258,000)	(864,000)

The amounts recognised in profit or loss are as follows:

	2017 £	2016 £
Interest on obligation	(282,000)	(405,000)
Interest income on plan assets	263,000	397,000
Total	(19,000)	(8,000)

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £625,000 of gains (2016 - £652,000 of losses).

The group expects to contribute £NIL to its Defined benefit pension scheme in 2018.

SEACON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

30. Pension commitments (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2017	2016
	%	%
Discount rate at 30 September	2.64	2.22
RPI inflation	3.40	3.20
Pension increases - fixed 5%	5.00	5.00
Inflation linked increases - 5% or RPI if less	3.30	3.10
Revaluation of deferred pensions in excess of GMP	3.40	3.20

Other pension schemes

The group also currently contributes to 'defined contributions' Group Personal Pension Schemes. The group's contribution rate varies according to each employee's age. Accordingly, the group's future liability in respect of these arrangements is limited only to contributions based on salary levels at the scheme's renewal date of 1st April each year. The assets of these schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to these funds and amounted to £194,746 (2016 - £211,621). Contributions totalling £39,830 (2016 - £19,034) were payable to these funds at the balance sheet date and are included in creditors.

31. Commitments under operating leases

At 30 September 2017 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Not later than 1 year	3,270,649	2,784,712
Later than 1 year and not later than 5 years	4,712,673	2,555,433
Later than 5 years	2,586,426	2,963,244
	<u>10,569,748</u>	<u>8,303,389</u>

SEACON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

32. Related party transactions

The company has taken advantage of the exemptions in FRS 102 s33.1a from the disclosure of transactions with others members of the Secon Group Limited group on the grounds that it is a wholly owned subsidiary and the consolidated financial statements of the group are publicly available.

33. Controlling party

Control of the company resides with the Roth family.