

Anchor Freight Limited

Unaudited Report and Financial Statements

Year Ended

31 December 2022

Company Number SC172409



Anchor Freight Limited

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Anchor Freight Limited

Chartered Accountants' Report to the Directors on the Preparation of the Unaudited Financial Statements of Anchor Freight Limited For the Year Ended 31 December 2022

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Anchor Freight Limited for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <https://www.icaew.com/regulation/a-z>.

It is your duty to ensure that Anchor Freight Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of Anchor Freight Limited. You consider that Anchor Freight Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Anchor Freight Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the board of directors of Anchor Freight Limited, as a body, in accordance with the terms of our engagement letter dated 28 March 2023. Our work has been undertaken solely to prepare for your approval the accounts of Anchor Freight Limited and state those matters that we have agreed to state to the board of directors of Anchor Freight Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Anchor Freight Limited and its board of directors as a body for our work or for this report.

DocuSigned by:

133917826582414
BDO LLP
Chartered Accountants
Ipswich
United Kingdom

Date: 18 September 2023

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

Anchor Freight Limited
Registered number: SC172409

Statement of Financial Position
As at 31 December 2022

| | Note | 2022 £ | 2022 £ | 2021 £ | 2021 £ |
|--|------|------------------|-------------------------|------------------|-------------------------|
| Fixed assets | | | | | |
| Tangible assets | 5 | | 128,973 | | 134,567 |
| Current assets | | | | | |
| Debtors: amounts falling due within one year | 6 | 1,111,146 | | 1,017,565 | |
| Cash at bank and in hand | | 329,744 | | 275,970 | |
| | | <u>1,440,890</u> | | <u>1,293,535</u> | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 7 | (1,674,220) | | (1,608,927) | |
| Net current liabilities | | | <u>(233,330)</u> | | <u>(315,392)</u> |
| Deferred tax | 8 | (2,667) | | - | |
| | | | <u>(2,667)</u> | | <u>-</u> |
| Net liabilities | | | <u><u>(107,024)</u></u> | | <u><u>(180,825)</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 9 | | 10,300 | | 10,300 |
| Profit and loss account | 10 | | (117,324) | | (191,125) |
| Total deficit | | | <u><u>(107,024)</u></u> | | <u><u>(180,825)</u></u> |

The directors consider that the company is entitled to exemption from audit under section 479A of the Companies Act 2006.

Members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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


R W Neall
Director

Date: 18-09-2023

The notes on pages 3 to 11 form part of these financial statements.

Anchor Freight Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

1. General information

Anchor Freight Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

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 Section 1A of 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 Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

The company is part of the group headed by One Group Construction Limited. The going concern assessment of the company has been evaluated on the group as a whole, rather than on an individual company basis.

The group directors have evaluated and considered detailed forecasts for the entire group to include cash flow considerations, the current economic climate noting cost-inflation and rising interest rates. With regards cost-inflation in particular, a strong and direct focus by all our businesses has meant the overall financial impact is being minimised. The group has a continuous detailed review of contract provisions relating to inflation both in terms of work in hand but also an assessment of the future pipeline. The cash flow forecasts of the group project a positive cash flow of over the coming 12 months and the group has sufficient cash reserves to remain liquid and meet its liabilities as they fall due.

Clearly the economic situation remains challenging and this will continue to lend itself to ongoing uncertainty for many sectors. The economic uncertainty and rising interest rates does have a noticeable impact on our work in the retail sector. Accordingly particular scrutiny is being maintained on the retail business given this was most adversely affected by the Covid Pandemic and now the cost of living crisis. Armed with the overall knowledge of an excellent trading performance throughout the Covid Pandemic and the trading performance during 2022, the directors are satisfied the group and the subsidiaries are able to meet the day to day working capital requirements for the foreseeable future and can mitigate further risks of price volatility and material shortages by the continued detailed review of the forecasts and oversight and monitoring of cost.

Anchor Freight Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.3 Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'sterling', which is the company's functional and presentational currency.

Foreign currency transactions are translated into the company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented within 'administrative expenses' in the statement of comprehensive income.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.5 Operating leases: the company as lessee

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

2.6 Pensions

Contributions to the group's defined contribution pension scheme are charged to the statement of comprehensive income in the period in which they become payable.

2.7 Coronavirus Job Retention Grant

The Coronavirus Job Retention Grant ("Furlough Scheme") is accounted under the accruals model as permitted by FRS 102. Income received under the furlough scheme is recognised in the statement of comprehensive income as other income in the same period as the related expenditure.

Anchor Freight Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.8 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

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:

| | |
|------------------|-------------------------|
| Office equipment | - 3 years 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 in the statement of comprehensive income.

2.9 Debtors

Short term debtors are measured at transaction price, 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.

2.11 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.

2.12 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 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 reporting date in the countries where the company operates and generates income.

Anchor Freight Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.12 Current and deferred taxation (continued)

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position 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 reporting date.

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

In preparing these financial statements the directors have made the following judgement:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

- Tangible assets (see note 6)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Employees

The average monthly number of employees, including directors, during the year was 29 (2021 - 21).

Anchor Freight Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

5. Tangible fixed assets

| | Office equipment £ |
|--------------------------|--------------------------|
| Cost or valuation | |
| At 1 January 2022 | 153,563 |
| Additions | 23,947 |
| At 31 December 2022 | <u>177,510</u> |
| Depreciation | |
| At 1 January 2022 | 18,996 |
| Charge for the year | 29,541 |
| At 31 December 2022 | <u>48,537</u> |
| Net book value | |
| At 31 December 2022 | <u>128,973</u> |
| At 31 December 2021 | <u>134,567</u> |

6. Debtors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|--------------------------------|------------------|------------------|
| Trade debtors | 1,032,343 | 897,119 |
| Other debtors | 62,087 | 38,903 |
| Prepayments and accrued income | 16,716 | 33,450 |
| Tax recoverable | - | 19,880 |
| Deferred taxation | - | 28,213 |
| | <u>1,111,146</u> | <u>1,017,565</u> |

Anchor Freight Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

7. Creditors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 901,419 | 823,262 |
| Amounts owed to group undertakings | 566,794 | 582,053 |
| Other taxation and social security | 30,043 | 30,909 |
| Other creditors | 13,019 | 5,783 |
| Accruals | 162,945 | 166,920 |
| | <u>1,674,220</u> | <u>1,608,927</u> |

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

8. Deferred taxation

| | 2022 £ |
|---------------------------|----------------|
| At beginning of year | 28,213 |
| Charged to profit or loss | (30,880) |
| At end of year | <u>(2,667)</u> |

The deferred taxation balance is made up as follows:

| | 2022 £ | 2021 £ |
|--------------------------------|----------------|---------------|
| Fixed asset timing differences | (26,217) | (54,779) |
| Short term timing differences | 2,680 | 82,992 |
| Losses and other deductions | 20,870 | - |
| | <u>(2,667)</u> | <u>28,213</u> |

9. Share capital

| | 2022 £ | 2021 £ |
|--|---------------|---------------|
| Allotted, called up and fully paid | | |
| 10,000 Ordinary shares of £1.00 each | <u>10,000</u> | <u>10,000</u> |
| Allotted, called up and partly paid | | |
| 30,000 Preference A shares of £0.01 each | <u>300</u> | <u>300</u> |

Anchor Freight Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

9. Share capital (continued)

Holders of preference 'A' shares have the right to attend any general meeting but carry no voting rights. In addition, they have the right to receive, but not vote on, a written resolution of the members.

Except on a return or distribution of capital on a winding up of the company, an 'A' shareholder shall not be entitled to receive any dividend or other distribution in respect of the holding.

Each 'A' share is redeemable, and the company shall be entitled on or after the third anniversary of the date of issue of an 'A' share subject to requirements noted in the articles of association.

10. Reserves

The company's capital and reserves are as follows:

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Called up share capital

Called up share capital represents the nominal value of shares issued.

11. Pension commitments

The company is a member of the group's defined contribution scheme, the assets of which are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the company to the scheme and amounted to £30,661 (2021 - £26,724).

There were pension costs of £10,720 (2021 - £4,853) outstanding at 31 December 2022.

12. Related party transactions

The following transactions took place with fellow group subsidiaries during the year:

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Purchases | | |
| Jackson Civil Engineering Group Limited | 61,330 | 41,804 |
| One Group Construction Limited | 2,351 | 1,688 |
| SEH (Property and Administration) Limited | 119,638 | 94,413 |
| Emmitt Plant Limited | - | 1,952 |
| SEH French Limited | - | 118,739 |
| | <u>183,319</u> | <u>256,596</u> |

Anchor Freight Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

13. Related party transactions (continued)

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Sales | | |
| Sandlings Properties Limited (previously SEH French Building Limited) | - | 99 |
| Jackson Civil Engineering Group Limited | - | 35 |
| SEHBAC Limited | - | 298 |
| SEH (Property and Administration) Limited | 10,000 | - |
| | <u>10,000</u> | <u>432</u> |
| | | |
| | 2022 £ | 2021 £ |
| Creditors | | |
| One Group Construction Limited | 548,000 | 548,000 |
| SEH (Property and Administration) Limited | 14,481 | 19,942 |
| Jackson Civil Engineering Group Limited | 4,313 | 12,534 |
| Emmitt Plant Limited | - | 777 |
| SEH French Limited | - | 800 |
| | <u>566,794</u> | <u>582,053</u> |

During the year, management charges of £27,406 (2021 - £9,712) were incurred from SEH (Property and Administration) Limited.

During the year, the company paid rent of £117,406 (2021 - £67,500) to SEH (Property and Administration) Limited.

Anchor Freight Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

13. Contingency liabilities

During the year, the company was added to the overdraft facilities given by the ultimate parent company One Group Construction and its subsidiaries. As such, in the current year the comparatives are £Nil.

There is a contingent liability in respect of guarantees given by the company, in common with fellow subsidiaries, to its bankers for loan and overdraft facilities granted to the ultimate parent company, One Group Construction Limited and its subsidiaries. Debt is further secured by legal charges over property owned by the group. As the company was added in the current year the comparatives are £Nil.

At the year end other group companies had loans amounting to £Nil (2021 - £Nil).

At the year end other companies had gross overdrafts amounting to £11,387,054 (2021 - £Nil).

The group has a right of set off between overdrafts and current account balances. At the year end other group companies had current account balances totalling £31,252,172 (2021 - £Nil) fully offsetting the gross overdraft balances when combined with the current account balance of the individual company.

The company has given Lloyds bank counter guarantees in respect of their guarantees to HM Revenue & Customs. The total value of the guarantee's of £36,034. As this was given in the current year, the comparatives are £Nil.

Anchor Freight Limited has been notified of a claim for compensation made against it relating to its trading activities. If the claimant takes legal action, it is possible that Anchor Freight would incur a liability of the maximum value of £48,233. The liability, should it occur would be a debit to the income statement in the period that it crystallises.

14. Controlling party

The ultimate parent company is One Group Construction Limited, registered address 30 White House Road, Ipswich, Suffolk, IP1 5LT.

The only group for which the results of the company are consolidated is that headed by One Group Construction Limited, the company's ultimate parent undertaking, which is registered in England and Wales. Copies of the consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.