Kuehne + Nagel Limited

Annual report
for the year ended 31 December 2021

Report contents

Directors' declaration

In the opinion of the directors of Kuehne + Nagel Limited, the financial statements and notes, on pages 6 to 20:

• comply with New Zealand generally accepted accounting practice and fairly present the financial position of the Company as at 31 December 2021 and the results of operations for the year ended on that date, and

• have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the annual report including the financial statements of Kuehne + Nagel Limited for the year ended 31 December 2021.

DocuSigned by:
B1092A14EC514D4...
Simon Dedman

DocuSigned by:
76BE8A6F0E97427...
Blair Hassall

Date: 28-Apr-2022

Company directory

Nature of business	International logistics services provider
Registered Office	30 Aintree Avenue Mangere Auckland
Directors	Jens Drewes *Appointed 21 Mar 2016* Blair Hassall *Appointed 6 Jul 2017* Simon Dedman *Appointed 01 May 2021* Prabhakar Gopalan *Appointed 01 May 2021*
Shareholder	Kuehne + Nagel International AG
Exemptions	No disclosure has been made in respect of Section 211 (1) (a) and (e) to (j) of the Companies Act 1993 following a unanimous decision by the shareholder in accordance with Section 211 (3) of the Act. There are no other disclosures required in accordance with Section 211 (1) of the Companies Act 1993.

Building a better
working world

Independent auditor's report to the shareholder of Kuehne + Nagel Limited

Opinion

We have audited the financial statements of Kuehne + Nagel Limited (the "Company"), which comprise the statement of financial position of the Company as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cashflow for the year then ended of the Company, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

This report is made solely to the Company's shareholder. Our audit has been undertaken so that we might state to the Company's shareholder 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 shareholder, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). 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 Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, 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.

Other than in our capacity as auditor we have no relationship with, or interest in, the Company. Partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the annual report, which includes information other than the financial statements and auditor's report.

Our opinion on the financial statements does not cover the other information and 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 during the audit, or otherwise appears to be materially misstated.

Building a better
working world

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime, 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 on behalf of the entity 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 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 International Standards on Auditing (New Zealand) 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 at the External Reporting Board website: https://www.xrb.govt.nz/standards-for-assurance- practitioners/ auditors-responsibilities/audit-report-8/. This description forms part of our auditor's report.

Ernst + Young

Chartered Accountants
Auckland
28 April 2022

Statement of financial position

as at 31 December 2021

in New Zealand Dollars

	Note	2021	2020
Assets			
Cash and cash equivalents		5,127,486	7,093,688
Trade and other receivables	9	43,033,957	28,094,649
Due from related parties	16	1,976,198	2,472,798
Contract assets		5,082,585	1,983,212
Total current assets		**55,220,226**	**39,644,347**
Deferred tax asset	5	1,136,501	1,297,835
Property, plant and equipment	6	37,691,768	34,663,246
Right-of use-asset	7	1,662,160	1,614,704
Goodwill	8	38,126,576	38,126,576
Total non-current assets		**78,617,005**	**75,702,361**
Total assets		**133,837,231**	**115,346,708**
Liabilities			
Trade and other payables	10	35,753,740	26,725,776
Income tax payable	5	1,668,730	344,770
Provisions	11	578,150	384,734
Employee entitlements		2,785,040	1,812,527
Due to related parties	16	2,902,188	1,686,195
Current lease liabilities	7	728,519	582,256
Other liabilities		1,446,202	1,058,543
Total current liabilities		**45,862,569**	**32,594,801**
Non-current lease liabilities	7	2,188,469	2,425,575
Due to related parties	16	7,500,000	9,000,000
Total non-current liabilities		**9,688,469**	**11,425,575**
Total liabilities		**55,551,038**	**44,020,376**
Equity			
Share capital	12	29,150,000	29,150,000
Retained earnings		49,136,193	42,176,332
Total equity		**78,286,193**	**71,326,332**
Total equity and liabilities		**133,837,231**	**115,346,708**

This statement is to be read in conjunction with the notes to the financial statements.

Statement of comprehensive income

for the year ended 31 December 2021
in New Zealand Dollars

	Note	2021	2020
Net invoiced turnover		254,461,661	200,850,482
Cost of sales		(211,292,228)	(165,344,590)
Gross profit/(loss)		**43,169,433**	**35,505,892**
Personnel expense	1	(19,258,591)	(16,129,222)
Administrative expenses	2	(10,590,560)	(10,044,219)
Depreciation and amortisation expense	3	(3,124,409)	(3,115,690)
Depreciation of right-of-use-assets	3	(546,061)	(457,192)
Gain on disposals	3	365,771	402,008
Operating profit before financing costs		**10,015,583**	**6,161,577**
Finance income	4	1,432	18,585
Finance expenses	4	(310,899)	(444,628)
Net financing costs	4	**(309,467)**	**(426,043)**
Profit before income tax		**9,706,116**	**5,735,534**
Income tax expense	5	(2,746,255)	(1,628,649)
Profit for the period		**6,959,861**	**4,106,885**
Other comprehensive income			
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**6,959,861**	**4,106,885**

This statement is to be read in conjunction with the notes to the financial statements.

Statement of changes in equity

for the year ended 31 December 2021
in New Zealand Dollars

	Share capital	Retained earnings	Total equity
Balance at 1 January 2020	29,150,000	38,069,447	**67,219,447**
Total comprehensive income for the period			
Profit for the period	-	4,106,885	**4,106,885**
Total comprehensive income for the period	-	4,106,885	**4,106,885**
Transactions with owners, recorded directly in equity			
Issue of new share capital	-	-	**-**
Dividends to shareholders	-	-	**-**
Balance at 31 December 2020	**29,150,000**	**42,176,332**	**71,326,332**
Total comprehensive income for the period			
Profit for the period	-	6,959,861	**6,959,861**
Total comprehensive income for the period	-	6,959,861	**6,959,861**
Transactions with owners, recorded directly in equity			
Issue of new share capital	-	-	**-**
Dividends to shareholders	-	-	**-**
Balance at 31 December 2021	**29,150,000**	**49,136,193**	**78,286,193**

This statement is to be read in conjunction with the notes to the financial statements.

EY

Statement of cashflow

for the year ended 31 December 2021
in New Zealand Dollars

	Note	2021	2020
Profit before Tax		9,706,116	5,735,534
Adjustments to reconcile profit before tax to net cashflows			
Depreciation and impairment of property, plant & equip.	3	3,124,409	3,115,690
Depreciation of right-of-use assets	3	546,061	457,192
Gain on disposal of property, plant and equipment	3	(365,771)	(402,008)
Finance Income	4	(1,432)	(18,585)
Finance Cost	4	310,899	444,628
Working Capital adjustments			
(Increase) Decrease in trade and other receivables		(14,442,708)	(8,177,476)
Increase (Decrease) in trade and other payables		11,797,545	7,521,053
(Increase) Decrease in contract assets/work in progress		(3,099,373)	(588,956)
Interest paid		(310,899)	(444,628)
Interest received		1,432	18,585
Income tax paid		(1,260,960)	(2,232,997)
Net cashflows from operating activities		**6,005,319**	**5,428,032**
Investing Activities			
Proceeds from sale of property plant and equipment		379,551	417,427
Purchase of property plant and equipment	6	(6,166,714)	(1,279,926)
Net cashflows from/(used in) investing activities		**(5,787,163)**	**(862,499)**
Financing activities			
Lease liability payments	7	(684,358)	(604,523)
Issue of ordinary share capital		-	-
Repayment of intercompany loans	16	(1,500,000)	(3,000,000)
Net cashflows from/(used in) financing activities		**(2,184,358)**	**(3,604,523)**
Net increase in cash and cash equivalents		(1,966,202)	961,010
Cash and cash equivalents at 1 January		7,093,688	6,132,678
Cash and cash equivalents at 31 December		5,127,486	7,093,688

This statement is to be read in conjunction with the notes to the financial statements.

Notes to the financial statements

Significant accounting policies

Reporting Entity
The financial statements are presented for Kuehne + Nagel Limited ("the Company"). Kuehne + Nagel Limited is a company domiciled in New Zealand and registered under the Companies Act 1993.

The Company is part of the Kuehne + Nagel International Group, one of the world's leading global logistics providers, with particular focus on sea and air logistics, overland and contract logistics.

The parent company is Kuehne + Nagel International AG. The ultimate parent company is Kuehne + Nagel International AG.

The financial statements of the Company are for the year ended 31 December 2021.

Statement of Compliance and Basis of preparation
The financial statements have been prepared in accordance with New Zealand equivalents to International Reporting Standards - Reduced Disclosure Regime (NZ IFRS with RDR).

For the purposes of complying with NZ GAAP, the company is a for-profit entity. The company is eligible to report in accordance with NZ IFRS RDR on the basis that it does not have public accountability and is not a large for-profit sector entity.

Basis of measurement
The financial statements are prepared on the historical cost basis except that foreign exchange contracts are stated at their fair value.

Presentation currency
The financial statements are presented in New Zealand Dollars ($), which is also the functional currency of the Company.

Significant accounting policies
The accounting policies applied in the preparation of the Financial Statements are consistent with those followed in the preparation of the Company's Financial Statements for the year ended December 31, 2020, except for the adoption of the new standards effective as of January 1, 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Significant accounting policies (continued)

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable.

The Company measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Property, plant and equipment

Owned assets

Except for land, items of property, plant and equipment is stated at cost, less accumulated depreciation and impairment losses. Where an item of plant and equipment is disposed of, the gain or loss recognised in the Statement of Comprehensive Income is calculated as the difference between the net sales price and the carrying amount of the asset.

Land is stated at cost.

Leased assets

Right-of-use assets are measured at cost, which include the lease liability, lease payments made prior to delivery, less lease incentives received, initial direct costs and estimated asset retirement obligations. Subsequently, they are depreciated over the lease term generally on a straight line basis as follows:

Properties and buildings	1 to 10 years
Other operating equipment	3 to 5 years

If the lease transfers ownership of the underlying asset by the end of the lease term, the Company depreciates the right-of-use asset over the useful life of the underlying asset

Lease liabilities include fixed payments, less incentive receivables, variable payments that depend on an index or rate, expected residual payments under residual value guarantees, that exercise price of a purchase option if it is reasonably certain that the option is exercised and payments of penalties of the lease term reflects the lessee exercising an option to terminate the lease. The lease payments are discounted using the incremental borrowing rate (IBR) where the rate implicit in the lease is not readily determinable. Subsequently, the carrying amount is increased by the interest on the lease liabilities and reduced by the lease payments made. The liabilities are remeasured to reflect as reassessment of the lease contract or contract modifications

In 2021 the weighted average incremental borrowing rate applied to discount the lease payments to the present value for the initial measurement and subsequent amortisation of the lease liabilities was 0.12%.

Significant accounting policies (continued)

Leased assets (continued)
The Company does not recognise right-of-use assets and liabilities for short term (lease duration of less than 12 months) and low value leases. The lease payments are expensed on a straight-line basis over the lease period

The Company does not separate non-lease from lease components, but instead accounts for both as a single lease.

In case of sale and leaseback transactions that qualify as a sale, the Company measures the right-of-use asset from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. Accordingly, only the amount of any gain or loss that relates to the rights transferred is recognised in the income statement. If the fair value of the consideration for the sale of the asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates. The Company accounts for the difference as either prepayments or additional financing

Depreciation
Depreciation is charged on a straight line basis over the estimated useful life. Land is not depreciated. Depreciation is charged to the Statement of Comprehensive Income. Major depreciation periods are:

Buildings	40 years
Operating equipment	5-12 years
IT equipment	3 years
Office equipment	4 years
Office furniture & fittings	5 years

Goodwill
Goodwill represents amounts arising on acquisition of a business and is the difference between the cost of acquisition and the fair value of the net identifiable assets acquired.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is reviewed at each balance date to determine whether there is any objective evidence of impairment.

Customer list
Customer lists purchased from third parties or acquired in a business combination are separately recognised as intangibles and are stated at cost less accumulated amortisation and accumulated impairment losses. Customer lists are amortised on a straight line basis over their estimated useful life of 5 years.

Non-derivative financial instruments
Non-derivative financial instruments comprise investments in shares, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining controls or substantially all the risks and rewards of the asset.

Significant accounting policies (continued)

Non-derivative financial instruments - continued

Regular way purchases and sales are accounted for at trade date, i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Other

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other receivables

Trade and other receivables are initially measured in accordance with IFRS 9. The Company recognises an allowance for the expected credit losses (ECL) on financial assets that are measured at amortised costs. For trade receivables and contract assets, the Company applies the simplified approach in calculating the ECL.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Trade and other payables

Trade and other payables are stated at cost.

Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowings on an effective interest basis.

Impairment

The carrying amounts of the Company's assets other than inventories are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of the assets and are recognised in the Statement of Comprehensive Income.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect to goodwill is not reversed. Other impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount. An impairment loss on an investment in shares classified as available-for-sale or on property carried at fair value is reversed through the relevant reserve. All other impairment losses are reversed through the Statement of Comprehensive Income.

Significant accounting policies (continued)

Share capital

Ordinary shares
Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Employee benefits

Defined contribution pension plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income as incurred.

Provisions
A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

Revenue recognition

In Sea Logistics, Air Logistics and Overland the Company generates the majority of its revenues by purchasing transportation services from direct (asset-based) carriers and selling a combination of those services to its customers. In its capacity of arranging carrier services, the Company issues a contract of carriage to customers. Revenue related to shipments are recognised based upon the terms in the contract of carriage and to the extent a service is completed. A typical shipment would include services rendered at origin, such as a pick-up and delivery to port, freight services from origin to destination port and destination services, such as customs clearance and final delivery. These services are considered to represent one single performance obligation satisfied over time. The Company measures the fulfilment of its performance obligations as services are rendered based on the status of shipment.

There are no significant judgements involved in the measurement of the performance of its obligations and the Company's contracts do not include any material variable considerations

The Company elects to use the practical expedient regarding the disclosure requirement of the transaction price allocated to unsatisfied performance obligations. In nearly all customer contracts either the original expected duration is one year or less or the revenue is recognised at the amount to which the Company has a right to invoice.

Contract assets are recoded for unbilled work in progress, whereas amounts received for services that are not yet completed are presented as contract liabilities

Gross profit is a better indication of the performance in the logistics industry than revenue. The gross profit represents the difference between the revenue and the cost of services rendered by third parties for all reportable segments.

Expenses

Finance income and expenses
Finance income comprises interest income, dividend income and foreign currency gains that are recognised in the Statement of Comprehensive Income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Significant accounting policies (continued)

Finance income and expenses - continued

Finance expense comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses and impairment losses recognised on financial assets (except for trade receivables). All borrowing costs are recognised in the Statement of Comprehensive Income using the effective interest method.

Foreign currency transactions

Transactions in foreign currencies with Kuehne + Nagel Group companies are converted at the intergroup rate of exchange ruling at the date of the transaction. All other transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate. Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to NZD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on their translation are recognised in the Statement of Comprehensive Income.

Derivative financial instruments

The Company uses foreign exchange contracts to hedge its exposure to foreign exchange risk arising from future payment of creditors in foreign currencies. The Company does not hold or issue derivative financial instruments for trading purposes. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are recognised at fair value. When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in the Statement of Comprehensive Income.

Income tax

The income tax expense recognised in the Statement of Comprehensive Income is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: differences relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date. A deferred tax asset is recognised only the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Goods and services tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

Notes to the financial statements

		2021	2020
1	**Personnel expenses**		
	Wages and salaries	17,210,390	14,576,978
	Contributions to defined contribution plans	564,679	511,782
	Other personnel expenses	1,483,522	1,040,462
		19,258,591	16,129,222
2	**Administrative expenses**		
	Audit fees	54,467	57,508
	Bad debts written off	22,739	1,838
	Management and IT fees paid to related parties	5,441,170	4,723,244
	Operating leases - rental expenses	30,609	196,615
	Other administrative expenses	5,041,575	5,065,014
		10,590,560	10,044,219
3	**Depreciation and amortisation expense**		
	Depreciation expenses	3,124,409	3,115,690
	Depreciation right-of-use assets	546,061	457,192
	(Gain)/Loss on disposal of property	(365,771)	(402,008)
		3,304,699	3,170,874
4	**Net financing costs**		
	Interest income	(1,432)	(18,585)
	Finance income	(1,432)	(18,585)
	Interest expense	310,899	444,628
	Finance expense	310,899	444,628
	Net finance costs	309,467	426,043
5	**Income tax**		
	The major components of income tax expense are:		
	Current tax expense		
	Current period	2,584,920	1,239,258
	Deferred tax expense		
	Origination and reversal of temporary differences	161,335	389,391
	Income tax expense/(credit)	2,746,255	1,628,649
	Reconciliation of effective tax rate		
	Profit before tax	9,706,116	5,735,534
	Income tax using the company tax rate (28%)	2,717,712	1,605,950
	Non-deductible expenses /(non-assessable income)	28,543	23,630
	Under / (over) provided in prior years	-	(931)
	Income tax expense/(credit)	2,746,255	1,628,649
	Tax receivable / (payable)	(1,668,730)	(344,770)

Deferred tax	**Assets**		**Liabilities**		**Net**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Property, plant and equipment	31,060	213,190	-	-	31,060	213,190
Trade receivables	106,897	22,914	-	-	106,897	22,914
Contract assets/Work in progress	-	-	(718,787)	(309,896)	(718,787)	(309,896)
Prepayments and other receivables	-	-	(4,327)	(4,900)	(4,327)	(4,900)
Lease liability	816,757	842,193	-	-	816,757	842,193
Provisions	161,882	107,726	-	-	161,882	107,726
Employee benefits	705,978	402,994	-	-	705,978	402,994
Other liabilities	37,041	23,614	-	-	37,041	23,614
	1,859,615	1,612,631	(723,114)	(314,796)	1,136,501	1,297,835

Notes to the financial statements (continued)

6 Property, plant and equipment

Consolidated	Land	Buildings	Plant and machinery	Fixtures, fittings and equipment	Total
As at 1 January 2020					
Cost	9,516,997	14,993,618	31,685,120	2,295,858	58,491,593
Accumulated depreciation	-	(31,237)	(20,292,603)	(1,653,323)	(21,977,163)
Net book amount	9,516,997	14,962,381	11,392,517	642,535	36,514,430
As at 31 December 2020					
Cost	9,516,997	14,993,618	32,225,263	2,388,637	59,124,515
Accumulated depreciation	-	(406,077)	(22,081,410)	(1,973,782)	(24,461,269)
Net book amount	9,516,997	14,587,541	10,143,853	414,855	34,663,246
Year ended 31 December 2021					
Opening net book amount	9,516,997	14,587,541	10,143,853	414,855	34,663,246
Additions	-	28,000	5,875,255	263,459	6,166,714
Depreciation	-	(376,299)	(2,454,297)	(293,813)	(3,124,409)
Disposals	-	-	(13,603)	(180)	(13,783)
	9,516,997	14,239,242	13,551,208	384,321	37,691,768
At 31 December 2021					
Cost	9,516,997	15,021,618	37,587,352	2,450,966	64,576,933
Accumulated depreciation	-	(782,376)	(24,036,144)	(2,066,645)	(26,885,165)
Net book amount	9,516,997	14,239,242	13,551,208	384,321	37,691,768

7 Right-of-use assets

	Right-of-use assets properties, buildings	Right-of-use assets other operating equipment	Total
Cost			
Balance as of 1 January 2021	1,135,388	1,016,022	2,151,410
Additions	557,732	30,665	588,397
Modifications and reassessments	(298,335)	-	(298,335)
Balance as of 31 December 2021	1,394,785	1,046,687	2,441,472
Accumulated depreciation and impairment losses			
Balance as of 1 January 2021	(354,484)	(182,221)	(536,706)
Depreciation charge for the year	(301,049)	(245,012)	(546,061)
Modifications and reassessments	303,454		303,454
Balance as of 31 December 2021	(352,079)	(427,233)	(779,313)
Carrying amount			
as at 1 January 2021	780,904	833,801	1,614,705
as at 31 December 2021	1,042,706	619,454	1,662,160
Lease Liabilities			
Balance as at 1 January 2021	2,173,402	834,428	3,007,830
Additions	557,732	30,665	588,397
Accretion of interest	2,686	899	3,585
Modifications and reassessments	5,119	-	5,119
Repayment	(442,649)	(245,294)	(687,943)
Balance as at 31 December 2021	2,296,290	620,698	2,916,988
of which			
Current portion	482,801	245,718	728,519
Non-current portion	1,813,489	374,980	2,188,469
Total lease liabilities	2,296,290	620,698	2,916,988

Notes to the financial statements (continued)

8 Intangible assets

	2021		2020	
	Goodwill	**Customer list**	**Goodwill**	**Customer list**
Cost				
Balance at 1 January	38,126,576	11,140,111	38,126,576	11,140,111
Addition through business combinations	-	-	-	-
Balance at 31 December	38,126,576	11,140,111	38,126,576	11,140,111
Accumulated amortisation and impairment losses				
Balance at 1 January	-	11,140,111	-	11,140,111
Amortisation charge for the year	-	-	-	-
Balance at 31 December	-	11,140,111	-	11,140,111
Carrying amounts				
Balance at 1 January	38,126,576	-	38,126,576	-
Balance at 31 December	38,126,576	-	38,126,576	-

Goodwill is allocated to the Sea freight cash generating unit.

	2021	**2020**
9 Trade and other receivables		
Trade receivables	42,330,305	27,804,589
Prepayments and deposits	183,790	190,847
Other receivables	519,862	99,213
	43,033,957	28,094,649

Trade receivables are shown net of impairment provision of $381,779 (2020: $81,842) for the Group. The fair value of trade and other receivables approximates their carrying value due to their short-term nature.

10 Trade and other payables

Trade payables	16,094,635	14,821,719
Accrued trade expenses	17,845,045	11,367,869
Contract liabilities	1,814,060	536,188
	35,753,740	26,725,776

The fair value of trade and other payables approximates their carrying value due to their short-term nature.

11 Provisions

Balance as at 1 January	384,734	203,096
Transferred to provision	346,869	384,734
Transferred from provision	(153,453)	(203,096)
Balance as at 31 December	578,150	384,734
Analysed as:		
Current	578,150	384,734
Non-current	-	-
	578,150	384,734

Current provisions comprise the expected costs of settling customer claims.

12 Share Capital

Issued and Paid up Capital		
2,700,000 ordinary shares	25,200,000	25,200,000
1,450 redeemable preference shares	1,450,000	1,450,000
2,500,000 redeemable shares	2,500,000	2,500,000
Balance at 31 December 2021	29,150,000	29,150,000

Notes to the financial statements (continued)

Ordinary shares:
All ordinary shares have equal voting rights and share equally in distributions on winding up of the Company.

Redeemable Shares:
The 1,450 redeemable preference shares are non-participating. These shares are non-voting and may be redeemed at any time at the option of the Company.

The 2,500,000 redeemable shares are non-participating. These shares are non-voting and may be redeemed at any time at the option of the Company

13 Financial instruments classification

Financial assets - loans and receivables		
Cash and cash equivalents	5,127,486	7,093,688
Trade and other receivables	42,850,167	27,903,802
	47,977,653	**34,997,490**
Financial liabilities - at amortised cost		
Trade and other payables	33,939,680	26,189,588
Due to related parties	10,402,188	10,686,195
Other liabilities	1,446,202	1,058,543
	45,788,070	**37,934,326**

14 Capital commitments

There are no capital commitments at balance date. (2021 : Nil).

15 Contingencies & guarantees

There are no contingent liabilities or guarantees at balance date (2021 : nil).

16 Related parties

Identity of related parties
a) Parent and ultimate controlling party
The immediate parent and ultimate controlling party is Kuehne + Nagel International AG, which controls 100 per cent of the voting shares

b) Other related parties
Fellow subsidiaries of Kuehne + Nagel International AG.

Transactions with related parties during the year include:

	2021	**2020**
Related parties under the same control of parent		
Trade revenue	20,532,429	13,698,615
Trade expenses	39,349,110	25,957,736
Management, license & IT fees paid	7,730,381	6,537,468
Other related party transactions		
Interest paid to parent company	306,400	440,450
Key management remuneration	903,996	760,125

Balances outstanding with related parties as at 31 December include:

	2021	**2020**
Due from related parties under the same control of parent		
Trade receivable	1,976,198	2,473,898
Total due from related parties	1,976,198	2,473,898

Notes to the financial statements (continued)

	2021	2020
Due to related parties		
Loans from parent company	7,500,000	9,000,000
Trade payable to related parties under the same control of parent	2,902,188	1,686,195
	10,402,188	10,686,195

Transactions with parent company

a) Loans from parent company

The loan from it parent entity is unsecured, repayable on 31 December 2028 and bears the interest rate of 3.83%.

Transactions with other related entities

a) Fellow subsidiaries of Kuehne + Nagel International AG

During the year the Group entered into ordinary business transactions with numerous Kuehne + Nagel Group companies. These transactions were within the nature of the freight forwarding industry. These balances are payable on normal trading terms.

17 Subsequent events

2021 : Nil. (2020 : Nil)