Kinaxia Limited

Annual Report & Financial Statements

2017

Contents

Directors

G R Norfolk ACA
Dr P R Fields

Registered number

07466536

Registered office

Kinaxia Adlington Business Park
Adlington
Macclesfield
SK10 4NL

Independent auditors

Hurst & Company Accountants LLP
Chartered Accountants & Statutory Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD

Group Strategic Report

Introduction

The directors present their strategic report and financial statements for the year ended 31 December 2017.

Principal activities and performance

The principal activity of Kinaxia Limited and its subsidiaries (together the "Group") is the provision of logistic services.

The core areas of the business are:

- General Haulage
- Warehousing
- Pallet Services
- Workshop
- Recovery
- Trunking

Review of Business

Financial highlights

- Revenue growth of 162%.

	2017	2016
	£000's	£000's
Revenue	81,840	50,296

- Earnings before interest, tax, depreciation and amortisation (EBITDA) up 48% as follows:

	2017	2016
	£000's	£000's
Profit from operating activities	3,965	3,242
Depreciation	3,703	1,922
EBITDA	7,668	5,164
	9.4%	10.2%

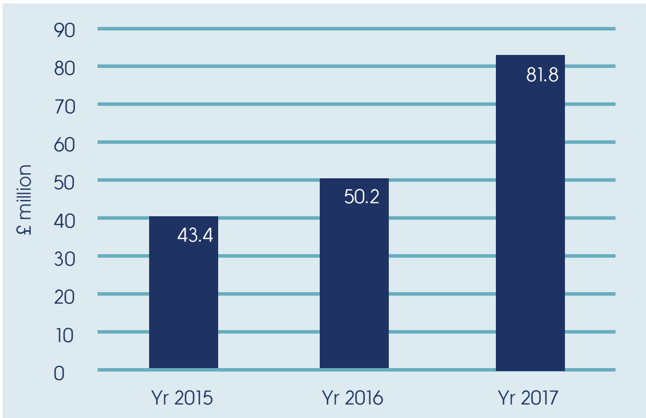
Key Highlights:

- Revenue increased 162% reflecting the impact of the four additional subsidiary businesses acquired during 2017.
- EBITDA margin for the year was down 0.8% to 9.4%. This is in line with expectations given the change in mix of companies in the year and the investment in Group resources. The directors are satisfied with the performance for the year.
- Group Management Team in place to support and manage current and future acquisitions.
- Investment in key technology and systems to support operational efficiencies across the group.
- Development of in-house Drivers Certificate of Professional Competence ("CPC") Training Centres.
- Four additional acquisitions during the year taking the group to approximately 630 trucks and 1,100 directly employed employees, operating 925,000 square feet of warehousing. This allows Kinaxia Limited ("Kinaxia" or "Company") to meet the distribution and warehousing requirements for a wide range of businesses across the UK.

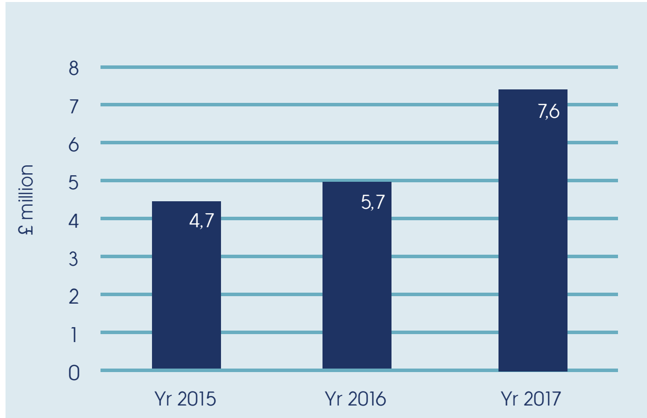
Some key highlights from across the Kinaxia Logistics Group in 2017

Revenue for the Group was 81.8 million | 162% Increase

Revenue



EBITDA



Square feet of warehousing space: 925,000

Vehicles in the fleet: 630

Operating businesses in the Group: 9

People

Started year with | 660

Ended year with | 1,100

Key movements

Panic Transport	AJ Maiden & Son	Mark Thompson Transport	BC Transport
130	100	160	50

Operational Highlights

The Kinaxia Group grew considerably in 2017, through the acquisition of four new subsidiaries.

Group functions, including Finance, HR, Recruitment and Training, Marketing, Compliance and Fleet Management, continued to develop throughout the year.

The main purpose of developing the group functions is to support the implementation of common systems, processes and business operations across the group.

Acquisitions

The Group acquired four subsidiaries throughout 2017.

Compliance

A group wide compliance infrastructure was created.

Brand

Kinaxia Logistics brand values and a common look across all platforms were rolled out.

People

A group wide HR and people strategy including recruitment and training was developed.

Fleet

Group fleet management was introduced.

Technology and Systems

Implementation of key systems across the group continued.

Acquisitions

The Kinaxia Group grew considerably throughout 2017 due to the acquisition of four subsidiaries.

Panic Transport (Contracts) Limited in February 2017. Panic Transport is located in Rugby which is a key strategic location for the group to support its UK coverage.

A J Maiden & Son Limited in June 2017. Its location in Telford both increases and strengthens Kinaxia's coverage of the Midlands and Wales.

Mark Thompson Transport Limited in July 2017. Mark Thompson Transport is focused on through-the-night and supply-chain sector work and will provide a base for Kinaxia to further develop in this sector across the UK as well as enhancing Kinaxia's existing coverage and service levels.

BC Transport (2017) in December 2017. BC Transport (2017) offers both general haulage and pallet network services

The Kinaxia model is to maintain the local identity of companies that join the group but implement common systems and processes at an operational level. As a result, Kinaxia companies form part of a family that works together with a core purpose of enhancing customer service and increasing efficiency.

1 Bay Freight
4 Foulger
7 Maidens
2 William Kirk
5 Lambert Brothers
8 Mark Thompson Transport
3 Cammack
6 Panic
9 BC Transport

Compliance

Compliance is one of the most important aspects of any business operating in the UK haulage and warehousing industry.

Although each subsidiary within the Group has always had a focus on compliance, the key objective throughout 2017 was to implement group-wide standards for the management and reporting of compliance.

FORS (Fleet Operators Recognition Scheme) was implemented across the Group as a standard system to manage compliance and ensure each business remained compliant.

Tru Tac was implemented to manage and monitor driving infringements across the Group. This ensures compliance with the DVSA earned recognition scheme (which has come into effect in 2018) as well as the DVSA's new Driver Vehicle Standard Guide which is also due to be released in 2018.

One of the other key achievements in 2017 was the consolidation of systems with regard to infringements and infractions enabling all business across the Group to achieve similar standards.

The focus is to maintain the standards set throughout 2017 and continue to build on the infrastructure put in place.

There are plans to implement further training initiatives to support compliance across the Group in 2018.

Brand

One of the key priorities in 2017 was to develop a set of Kinaxia Logistics brand values, and from that, the implementation of a common style across the Group to bring cohesion, synergy and consistency. We established our core values:

Introducing the updated Kinaxia Logistics logo reflecting the updated brand

TOGETHER Working together to ensure we deliver seamless customer service **Everytime.**	WORLD CLASS LOCAL We deliver a world class, local service **Everytime.**
SMART Work in a smart agile way ensuring the best level of service **Everytime.**	DEDICATED We are dedicated to go above and beyond for our customers **Everytime.**

Kinaxia maintains the local identities of each subsidiary business. However, by implementing common brand values and a common look, it positions that business as 'part' of Kinaxia Logistics.

At a tactical level this saw the introduction of an updated Kinaxia brand, which included the introduction of a 'Part of Kinaxia Logistics' logo, to support the brand relationship and positioning across the group.

A common look was implemented across digital platforms with the launch of 10 new websites, social media platforms, photography, and printed materials.

For the first time in 2017 we undertook customer research to fully understand our customers' satisfaction levels. These were well received by our customers and the results showed high levels of satisfaction.

Going forward into 2018 a key objective is to continue to raise the profile of Kinaxia.

People

As the Group has nearly doubled in size, there is a greater requirement for a more joined-up HR and People strategy that supports both recruitment and retention of staff.

Throughout 2017 there was a focus on improving the employee experience, which was achieved through the implementation of HR systems, policies and procedures to provide an infrastructure that delivered consistency and continuity across the group.

Other initiatives introduced to support employee engagement were an Employee Benefits Platform offering staff access to a wide range of services and benefits and loyalty awards that recognise work anniversaries.

We also invested in the management teams across the group with the introduction of a Management Toolkit. This allows management to upskill their teams and support our retention and development plans.

Recruitment & Training

A large proportion of the workforce across the Group are drivers, and the UK haulage industry, as a whole, faces significant driver shortages. Therefore throughout 2017 there was a focus on driver recruitment, retention and training.

A group-wide recruitment strategy was developed that worked in partnership with the human resources and people strategy, including the implementation of a standard recruitment and new starter process, the introduction of a job board, utilisation of marketing efforts to promote recruitment and improving the employee application process through the newly introduced websites.

Equally, given the legal and regulatory compliance requirements of the sector, there has been investment in a number of our own training programmes, including:

- Introduction of Driver Trainers into each group company for Compliance and Training.
- Introduction of FORS Training (e-learning), part of the requirement for the FORS Audit process.
- CPC Training Centres across the Group.
- First Aid Training of selected people from each group company as 'Emergency First Aiders on site'.

In 2018, one of the key HR deliverables will be the introduction of an onboarding programme to extend an employee's experience from recruitment through to retention.

There will also be a focus on developing our apprenticeship programme to support the skills shortage across the industry.

There are also plans in place to launch Kinaxia Logistics Training that will initially continue to support our internal training needs, before being extended to other drivers from across the industry.

Senior Management Team

Dr Peter Fields

Director

Peter is a shareholder and founder of Kinaxia Ltd. Peter has a PhD in Chemical Engineering and spent 15 years with ICI plc working in a variety of senior management roles. He also has a degree in psychology and degrees in law as well as having been called to the Bar.

In 1999, Peter led the management buy-out of Chance and Hunt Ltd, subsequently merging with Azelis SA to form a leading European specialty chemical distributor with a turnover in excess of €1 billion. Having left Azelis in 2009, Peter has worked as a Chairman/ entrepreneur /investor in a number of start-up companies in the chemicals, logistics, consumer and legal sectors.

Graham Norfolk ACA

Director

Graham is a shareholder and founder of Kinaxia Ltd. He is a Chartered Accountant. He was formerly a partner with BDO before forming his own investment company Acorn Capital Partners Ltd.

He has been a Director of several private and public companies and is currently Chairman of marketing agency Once Upon A Time London Ltd in addition to his directorships at Kinaxia.

Ben Warrillow FCMA

Group Finance Director

As Finance Director and a member of the Kinaxia Board, Ben has worked on numerous acquisition projects for Kinaxia and is also responsible for standardising financial and IT systems across the Group.

Ben has over 20 years' experience in transport, distribution and fleet-based businesses. During his career he has worked across the UK at Target Express, Nightfreight and held a number of senior divisional financial roles within Rentokil Initial Plc.

Barry Germany

Group Commercial Director

Barry assists with any acquisitions Kinaxia may be pursuing, as well as seeking out new contracts and tenders in the Group. He also works on group purchasing to create synergies in various areas of Kinaxia.

Barry has 30 years of experience working for Foulger Transport. Beginning as an Office Junior in 1988, Barry went on to buy the company in 1996 before selling it to Kinaxia in 2015. He is now Group Commercial Director of Kinaxia.

Group Managing Directors

Danny Bailey
Managing Director
Bay Freight

Sue Pye
Managing Director
FOULGER

Carl Wagstaffe
Managing Director
William Kirk
BC TRANSPORT

Kevin Johnson
Managing Director
PANIC

Jim Cammack
Managing Director
CAMMACK

John Maiden
Managing Director
Maidens

Eddie Elmslie
Managing Director
Lambert Brothers

Mark Thompson
Managing Director
MARK THOMPSON TRANSPORT

Fleet

With the addition of four new subsidiaries into the Group the fleet almost doubled in size and, at the end of 2017, there were approximately 650 trailers and 630 vehicles.

During 2017, vehicle and trailer purchasing was centralised and coordinated at a group level.

Most of the businesses within the Group have onsite workshops to manage their own fleet. For those businesses that were not already using it, the workshop management module "Stirling Workshop" was implemented as the standard across the Group.

Brake roller testers were fitted into three of the workshops during 2017, so that all the workshops have additional capacity to support not only our own fleet but also offer this service to external customers.

Banking facilities

The Group agreed a significant increase in its available corporate debt facilities during 2017, increasing the existing £25m loan facility with Permira Credit Solutions by £7.5 million and extending the repayment date until February 2022.

During 2017 the group also entered into a new invoice discounting facility and sale and lease back agreement with HSBC raising an additional £13.1m to fund acquisitions.

Technology and systems

The main purpose of developing the group functions is to support the implementation of common systems, processes and business operations which will support management to achieve growth and efficiencies.

Throughout 2017 we continued to streamline our use of technology and systems to improve operational effectiveness and reinforce our strategic aim of enhancing customer service and increasing efficiency.

The HR platform was improved so that business announcements can be effectively communicated throughout the Group.

Employees are able to access the system from work and home to look at Group policies, manage holiday requests as well as see the latest vacancies around the Group.

In 2017, all group companies moved to a common system to manage tachograph compliance. This enabled standard KPI reporting, allowing our compliance team to monitor activity throughout the Group and provide proactive support where needed. We also introduced a new portal to capture the reporting of incidents which enabled a standard process for all companies that improved reporting timescales and accuracy.

Throughout 2017 we rolled out the implementation of Sage CRM software in order that each of the businesses have a local and group view on sales leads and customer service.

Reporting throughout the Group was improved using the latest data mining technology facilitated by Power BI. This enables individual companies to continue using legacy systems that they are familiar with whilst satisfying the reporting needs of a growing business.

Going forward we will continue to explore opportunities where the use of technology and systems can enhance our operating efficiency.

Principal risks and uncertainties

Financial instruments

The Group's principal financial instruments comprise bank balances, invoice discounting facilities, trade creditors, trade debtors, hire purchase agreements, operating lease agreements, other loans and medium term loans. The main purpose of these instruments is to finance the Group's operations.

Due to the nature of the financial instruments used by the Group, there is little exposure to price risk. The Group's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexible borrowing.

Intra-group loans carry no interest and deal with transactions in the course of trading.

Accounts receivable are managed in respect of credit and cash flow risk through policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Account payable liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The Group is a lessee in respect of hire purchase and operating leased assets. The liquidity risk in respect of these is managed in the same way as accounts payable.

Other loans are repayable on an agreed basis and carry fixed interest rate margins.

There are no currency risks.

Other risks and uncertainties

We note the outcome of the UK EU Referendum. The Group's approach to managing this risk is to monitor trading patterns from customers who could be affected by this outcome and continue to assess the impact on our cost base.

There are no other risks and uncertainties.

Financial Key Performance Indicators (KPIs)

The Group's financial KPI's focus on a number of critical areas. Gross margin and EBITDA remain the major factors in shaping the future success of the business and this is evidenced by the improving performance year-on-year.

Business liquidity runs in parallel with margins and is closely monitored through both debtor and creditor management. Other financial KPIs are as follows:

- Working capital analysis
- Cash flow forecasting
- Review of turnover: actual v forecast
- Analysis of overhead expenditure: actual v forecast

A brief analysis of the key performance indicators on a like-for-like basis is set out below:

	2017 £000	*Restated* 2016 £000
Group revenue	81,840	50,296
Gross margin	20.1%	24.0%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	7,668	5,164

Other key performance indicators

Non-financial key performance indicators are numerous but centre on the following:

- Supplier on-time delivery performance
- MOT pass rates
- Employee workforce management
- Health & Safety Compliance

This strategic report was approved by the board and signed on its behalf.

G R Norfolk
Director

Date: 18 September 2018

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2017. The directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union.

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 in accordance with International Financial Reporting Standards as adopted by the EU in relation to the Group accounts. 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 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 £483,964 (2016: £445,327).

The directors do not recommend the payment of a final dividend (2016: £nil).

A review of the Group's activities for the year end and its future prospects is set out in the Group Strategic Report.

Directors

The directors who served during the year were:
G R Norfolk
P R Fields

Disabled persons

The Group's policy is that any vacancy which arises is open to disabled persons, provided that they are able to fulfil the functions required by that job. Employees who have been injured or become disabled in the course of their employment are considered for other suitable vacancies.

Employee involvement

Employees are kept informed about the progress and position of the Group by means of regular newsletters and departmental meetings.

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 directors are aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as directors 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

In July 2018 the group entered into a 15-year lease for a 116,000 sq.ft state-of-the-art warehouse facility in Daventry. This has a capacity of 24,000 pallets and is due to be fully operational by Q4 2018.

Going Concern

The Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and that it is appropriate to prepare the financial statements on the going concern basis. Please see note 2 to the accounts for further information.

Auditors

The auditors, Hurst & Company Accountants LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

G R Norfolk
Director

Date: 18 September 2018

Auditors Report

Independent Auditor's Report to the Members of Kinaxia Limited

Opinion

We have audited the financial statements of Kinaxia Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Group Statement of Cash Flows, the Group Statement of Changes in Equity, the Parent Company Balance Sheet, the Parent 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 International Financial Reporting Standards ('IFRS') as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements 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).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 31 December 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, 'The Financial Reporting Standard Applicable in the UK and the Republic of Ireland'; and
- the financial statements 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 company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 those financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Group and the Company and its environment obtained during the course of the audit, we have not identified material misstatements in the Group Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

Hurst & Company Accountants LLP

Helen Besant-Roberts (senior statutory auditor)
For and on behalf of
Hurst & Company Accountants LLP
Chartered Accountants and Statutory Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD

Date: 20 September 2018

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2017

	Note	2017 £	2016 £
Continuing operations			
Revenue	5	**81,839,804**	50,296,308
Cost of sales		**(65,442,721)**	(39,688,721)
Gross profit		**16,397,083**	10,607,587
Administrative expenses		**(12,691,600)**	(7,608,320)
Other operating income	6	**259,322**	242,246
Profit from operating activities	7	**3,964,805**	3,241,513
Income from fixed asset investments	9	**8,625**	11,857
Finance costs	10	**(3,407,107)**	(2,716,630)
Finance income	10	**1,014**	2,106
Profit for the financial year before taxation		**567,337**	538,846
Tax expense	12	**(83,373)**	(93,519)
Profit and total comprehensive income for the financial year attributable to the equity holders		**483,964**	445,327

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2017
Registered number: 07466536

	Note	2017 £	2016 £
Assets			
Non-current assets			
Intangible assets	14	**30,857,206**	14,391,558
Property, plant and equipment	15	**28,020,834**	13,988,588
Investments	13	**203,566**	169,645
Total non-current assets		**59,081,606**	28,549,791
Current assets			
Inventories	16	**391,285**	225,275
Trade and other receivables	17	**21,168,155**	11,043,896
Cash and cash equivalents	18	**5,266,228**	3,160,446
Total current assets		**24,825,668**	14,429,617
Total assets		**85,907,274**	42,979,408
Liabilities			
Current liabilities			
Borrowings	20	**15,592,934**	1,019,686
Trade and other payables	19	**14,300,593**	7,982,363
Total current liabilities		**29,893,527**	9,002,049
Non-current liabilities			
Borrowings	20	**39,765,106**	27,270,118
Trade and other payables	19	**5,945,791**	329,944
Provisions	22	**386,125**	150,000
Deferred tax	12	**197,243**	196,779
Total non-current liabilities		**46,294,265**	27,946,841
Total liabilities		**76,187,792**	36,948,890
Net assets		**9,719,482**	6,030,518
Equity			
Share capital	21	**225**	208
Share premium		**5,228,553**	2,023,571
Revaluation reserve		**495,000**	506,000
Retained earnings		**3,995,704**	3,500,739
Total equity attributable to the owners of the Company		**9,719,482**	6,030,518

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

G R Norfolk
Director
Date: 18 September 2018

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Shareholders'

For the Year Ended 31 December 2017

	Note	Called Up Share Capital £	Share Premium Reserve £	Revaluation reserves £	Retained Earnings £	Total Equity £
Group						
At 1 January 2016		208	2,023,570	517,000	3,044,413	5,585,191
Profit for the year		-	-	-	445,327	445,327
Total comprehensive income		-	-	-	445,327	445,327
Transactions with owners						
Transfer to/from profit and loss account		-	-	(11,000)	11,000	-
At 31 December 2016		**208**	**2,023,570**	**506,000**	**3,500,740**	**6,030,518**
Profit for the year		-	-	-	483,964	483,964
Total comprehensive income		-	-	-	483,964	483,964
Transactions with owners						
Issue of share capital		17	3,204,983	-	-	3,205,000
Transfer to/from profit and loss account		-	-	(11,000)	11,000	-
At 31 December 2017		**225**	**5,228,553**	**495,000**	**3,995,704**	**9,719,482**

Consolidated Cash Flow Statement

For the Year Ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		**483,964**	445,327
Adjustments for:			
Depreciation of property, plant and equipment	15	**3,702,504**	1,922,046
Profit on disposal of tangible assets	7	**(88,389)**	(28,029)
Interest payable	10	**3,407,107**	2,716,630
Finance income	10	**(1,014)**	(2,106)
Dividend received from unlisted investment	9	**(8,625)**	(11,857)
Tax expense	12	**83,373**	93,519
Operating cash flows before movements in working capital		**7,578,920**	5,135,530
Decrease/ (Increase) in inventories		**(66,796)**	20,880
Increase / (Decrease) in trade and other receivables		**6,438,576**	(651,034)
(Decrease)/Increase in trade and other payables		**(1,144,208)**	(1,290,314)
Cash generated by operations		**12,806,492**	3,215,062
Income tax paid		**(599,181)**	(259,123)
Net cash generated from operating activities		**12,207,311**	2,955,939
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		**(22,162,010)**	-
Acquisition of property, plant and equipment		**(4,955,853)**	(4,543,026)
Proceeds from disposal of fixed assets		**517,474**	182,541
Sale of unlisted and other investment		**1,014**	2,106
Interest received		**(284,157)**	(17,658)
Hire purchase interest paid		**8,625**	11,857
Dividends received			
Net cash used in investing activities		**(26,874,907)**	(4,364,180)
Cash flows from financing activities			
Proceeds from issue of share capital		**3,205,000**	-
New bank loans raised		**14,278,032**	-
Interest paid on borrowings		**(2,054,540)**	(536,066)
Repayments of bank borrowings		**(1,100,940)**	(123,065)
Repayments of loans		**(317,486)**	-
Loan received from director		**(550,000)**	550,000
Net movement of obligations under finance lease		**3,313,312**	1,340,833
Net cash used in financing activities		**16,773,378**	1,231,702
Net increase/ (decrease) in cash and cash equivalents		**2,105,782**	(176,539)
Cash and cash equivalents at 1 January 2017		**3,160,446**	3,336,985
Cash and cash equivalents at 31 December 2017		**5,266,228**	3,160,446

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2017

1. GENERAL INFORMATION

Kinaxia Limited is a Company limited by members capital (the "Company") incorporated in England and Wales under the Companies Act 2006. The address of the registered office and principal place of business is Kinaxia Adlington Business Park, Adlington, Macclesfield, Cheshire, SK10 4NL. The nature of the Company's operation and principal activity is that of a holding Company. The principal activity of the Group is the provision of logistic services.

The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2017 and the comparative year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group"). A prior year adjustment has been made to reclassify certain expenses between cost of sales and administrative expenses with the result being a decrease of £1,483,079 in cost of sales and a corresponding increase in administrative expenses. There is no impact on reported profit or shareholders' funds.

The Directors have considered the fair value of all debtors and creditors and have determined that their fair values equate to their carrying values.

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the Group's principal accounting policies is set out below. These policies have been applied consistently to all the years presented.

Authorisation of financial statements

The Group's financial statements for the year ended 31 December 2017 were authorised for issue by the board of directors on .... and the Consolidated Balance Sheet was signed on the board's behalf by Graham Norfolk, a director.

Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated and Company financial statements are presented in GBP which is also the Group's functional currency.

Adoption of New and Revised Standards

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2017 that had a significant effect on the Group's financial statements.

Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except intangible assets acquired in business combinations which are measured at fair value.

Going concern

The group has net current liabilities of £3,067,859. The Consolidated Financial Statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of these financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. To assist in this process, management has completed a budgeting process for the financial year ending 31 December 2018, incorporating a detailed income statement, cash flow analysis and balance sheet. A high level forecast has also been completed for the year ending 31st December 2019. The Directors have assessed the funding requirements of the Group and the Company and compared them to banking facilities available. However, this exercise has not identified any issues that would suggest any significant risk to the Group's continued trading position. The Directors have therefore adopted the going concern basis in preparing these Consolidated Financial Statements.

Basis of Consolidation

The Group's financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 December 2017. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group 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.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the Company and are based on consistent accounting policies. All intraGroup balances and transactions, including unrealised profits arising from them, are eliminated in full.

Segmental Reporting

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from other segments. The directors have considered the different business activities undertaken by the Group. The Group is organised around one operating segment that being its core market of general haulage and warehousing, therefore its operations have been reported as being one business segment. Information reported to the board of directors for the purpose of resource allocation and assessment of performance is focused on the Group's performance as a whole.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

All of the Group's activities are undertaken in the United Kingdom and therefore the Group considers it operates in one geographical segment.

Revenue Recognition

Revenue from services rendered is recognised in the income statement on the delivery of those services based on the proportion of the total delivered that can be reliably measured at the balance sheet date. Where payments are received in advance of revenue being recognised they are included as deferred income. Where revenue is recognised in advance of amounts being invoiced it is reported as accrued income. Where a contract contains elements of variable consideration, the Group will estimate the amount of variable consideration to which it will be entitled under the contract. Variable consideration can arise as a result of incentives, performance bonuses, penalties or other similar items. Variable consideration is recognised only to the extent that it is highly probable that the economic benefit will transfer to the Group.

Pension Contributions

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

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax liabilities are recognised on intangible assets and other temporary differences recognised in business combinations.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The unrecognised deferred tax asset relates to losses carried forward.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill representing the excess of the fair value of the consideration transferred ("cost") over the fair value of the Group's share of the identifiable assets acquired is capitalised and reviewed annually for impairment.

Cost comprises the fair value of assets acquired, liabilities assumed and equity instruments issued, plus the amount of amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is measured at cost less accumulated impairment losses.

Impairment of Goodwill

Impairment tests on goodwill are performed annually at the financial year end. Determining whether goodwill is impaired requires an estimation of the value in use of cash generating units to which goodwill has been allocated. The calculation of value in use requires management to estimate the future cash flows expected to arise from cash generating units and suitable discount rate in order to calculate present value. Any impairment of goodwill is charged to the Group income statement.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any recognised impairment losses.

Historical cost includes expenditures that are 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 write off the cost less residual value of the assets over their estimated useful lives, using the reducing balance method, on the following bases:

Freehold Property	-	2% straight line
Plant and machinery	-	15% reducing balance
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance
Office equipment	-	25% reducing balance
Computer equipment	-	25% reducing balance

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.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers, e.g. trade receivables. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances together with bank overdrafts that are repayable on demand.

Financial liabilities

Financial liabilities include the following items:

- The Group classifies non-derivative financial liabilities into other financial liabilities category. Such financial liabilities are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding;

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Leased assets

Leases for which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease. The capital element reduces the balance owed to the lessor.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight-line basis over the lease term.

Where a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

When a sale and leaseback transaction results in an operating lease, and it is clear that the transition is established at fair value any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by the future lease payments at below market price. In that case any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined based on the expected future cash flows. When it has a material effect, these are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of any discount is recognised as a finance cost.

Dividends

Dividends receivable by the Company are recognised in the income statement if they are declared, appropriately authorised and no longer at the discretion of the entity paying the dividend, prior to the balance sheet date. Dividends payable by the Company are recognised when declared and therefore final dividends proposed after the balance sheet date are not recognised as a liability at the balance sheet date. Dividends paid to shareholders are shown as a movement in equity.

Finance income and costs

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

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

Rental income

Rental income is recognised on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

Valuation of investments

Investments in unlisted shares, whose market value can be reliably determined, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

New Accounting Standards

The directors have considered all new and amended Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Reporting Interpretations Committee (IFRIC). No standards or interpretations have had a material impact on the preparations of the financial statements, although an amendment to IAS 7 Statement of Cashflows has resulted in a reconciliation of liabilities disclosed for the first time in note 28.

As at the date of authorisation of these financial statements, the following standards, amendments and interpretations, have been issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), but are not yet effective and, therefore, have not been adopted by the Company:

Title	Key issues	Effective date	Impact
IFRS 15 – Revenue from Contracts with Customers	The new standard is a single global revenue standard that contains a single model that applies to two approaches, being at point in time and over time. For complex transactions with multiple components, variable consideration or extended periods, application of the standard can lead to revenue being accelerated or deferred in comparison to current IFRS.	Periods beginning 1 January 2018	Management is currently evaluating the potential impact of the new standard although it is not anticipated that this will have a significant impact.
IFRS 9 – Financial Instruments	IFRS9 was introduced in 2014 as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements of financial assets.	Periods beginning 1 January 2018	Management is currently evaluating the potential impact of the new standard although it is not anticipated that this will have a significant impact.
IFRS 16 – Leases	IFRS16 was issued in January 2016 and is effective from 1 January 2019, eliminating classification of leases as operating leases or finance leases and setting out a single lease accounting model.	Periods beginning 1 January 2019, subsequent to EU endorsement	Significant impact on the Balance Sheet and Income Statement presentation and measurement which is currently under review.

The following standards have been issued but are not yet effective and have not been early adopted by the Group:

Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRSs – Annual Improvements to IFRS Standards 2014-16 Cycle
Amendment to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IAS 7 – Disclosure Initiative

Other than as mentioned in the above, the Group does not currently expect the adoption of the other standards and amendments listed will have a significant effect on the consolidated results or financial performance of the Group.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, are outlined below.

Impairment reviews

The Directors review the useful economic lives and residual values attributed to assets on an ongoing basis to ensure they are appropriate and perform an annual impairment review of goodwill and impairment reviews on tangible and other intangible assets (other than goodwill) when there are indicators of impairment. The recoverable amount is the greater of the net selling price and value in use, where value in use is determined by discounting the future cash flows generated from the continuing use of the unit. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value (note 14).

Business Combinations

IFRS 3 'Business Combinations' requires that the consideration for an acquisition is recorded at fair value.

Where contingent consideration is part of the acquisition cost then the directors estimate the fair value of the amount payable. Contingent consideration is revalued each reporting period according to the latest forecasts of the acquired business based on the terms of the earn-out arrangement. Where deferred consideration is part of an acquisition cost then it is recorded and held on the balance sheet at amortised cost.

Assets and liabilities must also be recognised at fair value on acquisition. The identification and measurement of contingent liabilities and intangible assets are key areas of judgement. For intangible assets appropriate valuation methods are used, including royalty rates and the income approach to recognise the fair value of the assets acquired.

Estimated value of provisions

These estimates, by their nature, tend to involve judgement in respect of the current knowledge pertaining to a future event and as such the actual cash flows and the timing of those cash flows may be different. To the extent that it is practicable, independent third party assessments are sought in order to corroborate these judgements.

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:

- Interest rate cash flow risk from variable rate bank loans
- Funding and liquidity risk
- Credit risk from trade receivables

In the process of managing these financial risks, the Group uses the following financial instruments:

- Cash at bank
- Bank loans and overdrafts
- Trade receivables
- Trade and other payables
- Finance leases and hire purchase agreements
- Other loans

The Group's overall risk management programme focuses on reducing financial risk as much as possible and therefore seeks to minimise potential adverse effects on the Group's financial performance.

Policies and procedures for managing these risks are set by the Board and are summarised below. Further quantitative information in respect of these risks is presented throughout these financial statements.

Interest Rate Risk

The Group is exposed to movements in interest rates on its borrowings and this risk is controlled by managing the proportion of fixed to variable rates within limits. The Group uses a mixture of fixed and variable rate loan and finance lease facilities in order to mitigate its interest rate exposure. The Group estimates that a rise of 0.5% in interest rates would have reduced pre-tax profits by approximately £213,000 for the year ended 31 December 2017 (2016: £144,000).

Funding and liquidity risk

The Group finances its operations by a combination of equity, bank loans, other loans, leases, working capital and retained profits. The Group undertakes short term cash forecasting to monitor its expected cash flows against its cash availability and finance facilities. The Group also undertakes longer term cash forecasting to monitor its expected funding requirements in order to meet its current business plan, in the context of its existing facilities and to identify any requirement for future funding facilities. The Group monitors its current and forecast financial performance against its banking covenants to ensure that it remains compliant with their requirements. The Group also maintains an active dialogue with a wide range of finance providers in order to ensure that it is aware of all possible sources of finance when it is assessing the availability and cost of providing for the funding requirements in the current business plan as well as future acquisitions.

Credit Risk

The Group is exposed to credit risk with respect to trade receivables due from its customers. The Group carries to procedures to assess the credit risk of new customers before entering into new contracts, sets credit limits accordingly and monitors outstanding balances in accordance with these. The Group takes a prudent view in assessing the risk of non-payment and considers provision for all debts more than 3 months in arrears unless there are specific circumstances to indicate that there is little or no risk of non-payment of these older debts.

Capital Management

Capital comprises share capital, share premium and retained earnings.

The Group's objective when maintaining capital is to safeguard the Group's ability to continue as a going concern so that it can provide returns to shareholders and benefits for other stakeholders. In order to maintain the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Financial instruments

The other numerical disclosures required by IFRS 7 'Financial Instruments: Disclosures' in relation to financial instruments are included in notes 17, 18, 19 and 20.

Fair Value of Financial Assets and Liabilities

The fair values of financial assets and liabilities are determined to be equivalent to their book values. The Group uses a fair value hierarchy for determining and disclosing the fair values of financial instruments by valuation technique, in accordance with IFRS 13. All of the financial instruments held by the Group are included in the level 2 hierarchy, other than cash which has been included in the level 1 hierarchy.

5. REVENUE

All revenue arose within the United Kingdom and relates to the principal activity of the Group.

6. OTHER OPERATING INCOME

	2017 £	2016 £
Other operating income	**259,322**	242,246

7 . OPERATING PROFIT

	2017 £	2016 £
This is stated after charging/(crediting) the following		
Employee benefit costs (note 11)	**27,954,489**	19,534,441
Impairment loss/ (gain) recognised on trade receivables	**9,226**	65,418
Cost of inventories recognised as expense	**10,332,790**	8,181,731
Foreign exchange gains	**(1,299)**	(1,185)
Depreciation of property, plant and equipment:		
Owned assets	**1,608,446**	1,808,418
Under finance leases	**2,094,058**	113,628
Loss/(gain) on disposal of property, plant and equipment	**(88,389)**	(28,029)
Rentals under operating leases:		
Hire of plant and machinery	**2,068,334**	2,145,433
Defined contribution scheme	**404,948**	367,709

8. AUDITORS' REMUNERATION

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements.	**74,650**	50,700
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	**8,400**	6,150
All other services	**5,750**	4,150
	14,150	10,300

Auditors' fees for the company were £5,250 (2016: £5,000).

9. INCOME FROM FIXED ASSET INVESTMENTS

	2017 £	2016 £
Dividends received from unlisted investments	**8,625**	11,857

10. FINANCE INCOME AND COSTS

	2017 £	2016 £
Interest expense:		
Bank borrowings	**2,790,064**	2,487,170
Finance leases	**284,147**	17,658
Other loans	**335,737**	211,802
Finance cost	**3,409,948**	2,716,630
Finance income		
Bank interest receivable	**1,014**	2,106

11. EMPLOYEES AND DIRECTORS

	2017	2016
	No.	No.
Average number of employees (including executive directors)		
Managerial and administrative	**204**	109
Drivers and warehouse	**881**	523
	1,085	632

	2017	2016
	£	£
Staff costs for the Group during the year		
Wages and salaries	**25,179,944**	17,882,350
Social security costs	**2,369,597**	1,284,382
Other pension costs	**404,948**	367,709
Total remuneration	**27,954,489**	19,534,441

Directors' remuneration

During the year, no directors received any emoluments from the Group or Company (2016: £nil).

During the year, retirement benefits were accruing to no directors (2016: £nil).

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company. The total compensation paid to key management was £737,993 (2016: £449,173).

12. TAXATION

The charge for taxation on the profit for the financial year is as follows:

	2017	2016
	£	£
Current tax		
UK Corporation tax	**249,187**	195,779
Adjustments in respect of previous periods	-	11,040
Total current tax	**249,187**	206,819
Deferred tax		
Reversal of timing differences	**(165,814)**	(113,300)
Total taxation for the financial year	**83,373**	93,519

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the UK of 19% (2016: 20%). The differences are reconciled as follows:

Reconciliation of taxation charge

	2017	2016
	£	£
Profit on ordinary activities before tax	**567,337**	538,846
Tax on profit on ordinary activities at 19% standard rate of tax (2016: 20%)	**107,794**	101,769
Non-deductible expenses	**38,273**	10,735
Depreciation in excess of capital allowances	**59,055**	34,950
Dividends from UK companies	**(1,639)**	(2,028)
Other differences	**(120,110)**	(38,224)
Effects of tax losses carried forward	-	(13,683)
Total taxation charge	**83,373**	93,519
Deferred tax liability		
At 1 January 2017	**196,779**	310,079
Arising on business combinations	**166,278**	-
Reversal of timing differences	**(165,814)**	(113,300)
At 31 December 2017	197,243	196,779
Comprising:		
Accelerated capital allowances	197,243	196,779
	197,243	196,779

Factors that may affect future tax expenses

There were no factors that may affect future tax charges.

13. FIXED ASSET INVESTMENTS

Group	Unlisted investments	
	2017	2016
	£	£
Cost and net book value		
At 1 January 2017	**169,645**	141,045
On acquisition of subsidiaries	**33,921**	115,850
Disposal	-	(87,259)
At 31 December 2017	**203,566**	169,645

Unlisted investments are measured at cost less any impairment charges, as their fair value cannot currently be estimated reliably. Impairment charges are recognised in the Statement of Comprehensive Income.

14. INTANGIBLE ASSETS

Group	Goodwill
	£
Cost	
At 1 January 2017	**14,391,558**
Additions (note 27)	**16,465,648**
At 31 December 2017	**30,857,206**
Accumulated amortisation and impairment	
Cost	
At 1 January 2017	-
Impairment losses	-
At 31 December 2017	-
Net book value	
31 December 2017	**30,857,206**
31 December 2016	14,391,558

Goodwill is considered to have an indefinite life because there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the Group. Factors taken into consideration in this judgement are the long period over which the businesses acquired have been established and the longevity of the industries in which the Group operates. Goodwill has been allocated to cash generating units (CGUs), which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. This allocation is shown in the table below:

Goodwill carrying amount

	2017	2016
	£	£
William Kirk	**37,774**	37,774
Bay Freight	**2,599,148**	2,599,148
N C Cammack	**717,398**	717,398
Foulger Transport	**5,549,111**	5,549,111
Lambert Brothers	**5,488,127**	5,488,127
Panic Transport	**6,659,790**	-
A J Maiden	**1,914,686**	-
Mark Thompson	**7,891,172**	-
	30,857,206	14,391,558

The recoverable amount of goodwill is determined from value-in-use calculations, which are prepared for each CGU and used budgeted cash flows for year one and cash flow projections for years 2 and 3. Terminal cash flows are based on year 3, assumed to grow perpetually at 0%. The key assumptions forming inputs to cash flows are in revenues and margins. Future revenues have been assessed by reference to existing contracts and an estimate of market volumes, which in turn have been assessed through ongoing discussions with customers, an assessment of the expected trends in wider economic factors and management's knowledge of each CGU. Margins have been assumed to remain broadly at existing levels. All forecasts have been discounted at a post-tax discount rate of 10%.

No impairment losses have been recognised in the year. Management believes that no reasonable adjustment to the discount rate or projected margins would cause the carrying value of any CGU to exceed its recoverable amount.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Group					
Cost					
At 1 January 2016	5,592,283	576,392	7,578,912	673,657	14,421,244
Additions	2,174,572	46,919	2,214,797	36,738	4,473,026
Disposals	-	(9,674)	(1,489,859)	(8,126)	(1,507,659)
At 1 January 2017	7,766,855	613,637	8,303,850	702,269	17,386,611
Acquired with subsidiary	2,052,932	1,119,086	10,004,061	31,903	13,207,982
Additions	619,361	343,384	3,923,407	69,701	4,955,853
Disposals	-	(109,150)	(2,180,737)	(43,909)	(2,333,796)
At 31 December 2017	**10,439,148**	**1,966,957**	**20,050,581**	**759,964**	**33,216,650**
Depreciation					
At 1 January 2016	150,899	295,464	2,166,767	223,851	2,836,981
Charge in the year	115,504	53,938	1,640,261	112,343	1,922,046
Disposals	-	(6,958)	(1,347,620)	(6,426)	(1,361,004)
At 1 January 2017	266,403	342,444	2,459,408	329,768	3,398,023
Charge in the year	195,904	316,382	3,137,999	52,219	3,702,504
Disposals	-	(68,093)	(1,836,618)	-	(1,904,711)
At 31 December 2017	**462,307**	**590,733**	**3,760,789**	**381,987**	**5,195,816**
Net book value					
At 31 December 2017	**9,976,841**	**1,376,224**	**16,289,792**	**377,977**	**28,020,834**
At 31 December 2016	7,500,452	271,193	5,844,442	372,501	13,988,588

The net book value of assets held under finance leases or hire purchase agreements, included above, are as follows:

	2017 £	2016 £
Motor vehicles	**12,195,928**	1,470,573
Plant & machinery	**234,274**	-
	12,430,202	1,470,573

16. INVENTORIES

Group

	2017 £	2016 £
Fuel, tyres and spares	**391,285**	225,275

There is no impairment provision in respect of inventories. Inventories represent the value of fuel, tyres and spares supplies as at 31 December 2017. Purchases of these goods during the year are charged directly to the consolidated income statement and as such the value of inventories expensed or credited to the Consolidated Income Statement during the year represents the difference between the opening and closing balances.

17. TRADE AND OTHER RECEIVABLES

Group

	2017 £	2016 £
Current		
Trade receivables	**18,986,927**	9,163,017
Less: provision for impairment of trade receivables	**(88,628)**	(8,300)
	18,898,299	9,154,717
Other debtors	**116,968**	361,645
Prepayments and accrued income	**2,152,888**	1,527,534
	21,168,155	11,043,896

The fair value of trade and other receivables approximates to book value at 31 December 2017 and 2016.

The ageing of trade receivables and associated provision for impairment is detailed below:

	2017		2016	
	Trade receivables £	Provision for impairment £	Trade receivables £	Provision for impairment £
Current	**9,011,163**	**-**	4,622,294	-
Overdue less than 1 month	**7,358,388**	**-**	3,536,706	-
Overdue 1-2 months	**1,781,116**	**-**	720,770	-
Overdue more than 2 months	**836,260**	**(88,628)**	283,247	(8,300)
	18,986,927	**(88,628)**	9,163,017	(8,300)

There are no significant receivables included within this provision.

Movements on the Group's provision for impairment of trade receivables are as follows:

	2017	2016
	£	£
At 1 January	**(8,300)**	(192,864)
Receivable written off during the year as uncollected	**12,556**	184,564
Arising on acquisition of subsidiaries	**(92,884)**	-
At 31 December	**(88,628)**	(8,300)

The movement on the provision for impaired receivables has been included in administrative expenses in the accounts. Other classes of financial assets included within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable set out above. The Group did not hold any interest swaps or forward foreign exchange contracts at the year end.

18. CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash at bank available on demand	**5,266,228**	3,160,446

19. TRADE AND OTHER PAYABLES

Current	Group	
	2017	2016
	£	£
Trade payables	**8,553,894**	4,745,500
Other taxes and social security	**3,157,668**	1,734,222
Corporation tax payable	**286,992**	139,530
Accruals and deferred income	**1,346,009**	471,416
Other payables	**956,030**	891,695
	14,300,593	7,982,363

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 44 days (2016: 44 days). The directors consider that the carrying amount of trade payables approximates to their fair value.

Non-current	Group	
	2017	2016
	£	£
Other payables	**5,945,791**	329,994

Included within other payables is an amount of £80,000 (2015: £160,000) which is secured by a guarantee arrangement between Kinaxia Limited and William Kirk Limited, a subsidiary of Kinaxia Limited.

20. BORROWINGS

	Group	
	2017	2016
	£	£
Current		
Bank loans	**50,136**	50,126
Finance lease liabilities	**4,107,354**	419,560
Other loans (note 23)	**-**	550,000
Invoice discounting facilities	**11,435,444**	-
	15,592,934	1,019,686
Non-current		
Bank loans	**34,638,728**	26,348,846
Finance lease liabilities	**5,126,378**	921,272
	39,765,106	27,270,118

In December 2011, a loan arrangement was entered into for £909,000 which is repayable over 15 years in equal instalments with interest being charged at 3.45% per annum.

During the year ended 31 December 2015, a facility agreement was entered into with lenders for £25,000,000 in order to finance acquisitions and to repay all invoice discounts and hire purchase liabilities of the Group. This loan is secured by means of a fixed and floating charge against the assets of the Group. This loan is repayable in full on the fifth anniversary of the first acquisition to be executed following the loan being entered into, with interest being charged at 8% plus LIBOR per annum. Arrangement fees of £1,034,460 were netted off against the loans. During the year, arrangement fees of £206,892 (2015: £206,892) were amortised through the Consolidated Statement of Comprehensive Income.

The maturity of the loan was extended in February 2017 to March 2022 and the interest rate reduced to 6.5%.

On 18 July 2017, the loan arrangements were amended and increased to £32,500,000. Additional arrangement fees of £461,404 were netted off against the amended loans. During the year, arrangement fees of £92,281 were amortised through the Consolidated Statement of Comprehensive Income.

During the year, the Group entered into a sale and leaseback arrangement in relation to certain vehicles. This generated net funds of £1,700,000. This has been accounted for as a finance lease transaction.

Invoice discounting facilities are secured on certain book debts of the Group.

Net obligations under finance leases and hire purchase contracts are secured on the assets to which they relate. The instruments are taken out with various lenders at interest rates prevailing at the inception of the contracts.

The maturity profile of the financial liabilities as at 31 December 2017 is set out below:

	Group 2017 £	2016 £
Due within 1 year		
Finance lease liabilities	**4,107,354**	419,560
Bank loans	**50,136**	50,126
Other loans (note 23)	**-**	550,000
Invoice discounting facility	**11,435,444**	-
Due between 2 and 5 years		
Finance lease liabilities	**5,126,378**	921,272
Bank loan	**34,262,776**	25,917,983
Due after 5 years		
Bank loans	**375,952**	430,863
	55,358,040	28,289,804

Finance leases

Future minimum lease payments under finance leases are as follows:

	Group 2017 £	2016 £
Not later than 1 year	**4,363,291**	440,064
Later than 1 year and no later than 5 year	**5,456,320**	983,745
	9,819,611	1,423,809
Future finance charge on finance leases	**(585,879)**	(82,977)
Present value of finance lease liabilities	**9,233,732**	1,340,832

The present value of minimum lease payments under finance leases are as follows:

	Group 2017 £	2016 £
Not later than 1 year	**4,107,354**	419,560
Later than 1 year and no later than 5 year	**5,126,378**	921,272
	9,233,732	1,340,832

There is no material difference between the maturity analysis presented above and the undiscounted cash flow analysis.

21. SHARE CAPITAL

	Group 2017 £	2016 £
Allotted, called up and fully paid		
1,819 Ordinary shares of £0.01 each	-	18
3,287,808 Ordinary shares of £0.00001 each	**33**	-
9,000 Ordinary A shares of £0.01 each	-	90
9,000,000 Ordinary A shares of £0.00001 each	**90**	-
100 Ordinary B shares of £1 each	**100**	100
203,214 Ordinary C shares of £0.00001 each	**2**	-
	225	208

On 2 February 2017, the company undertook a share sub-division exercise. The existing Ordinary shares of £0.01 each and the Ordinary A shares of £0.01 each were sub-divided into Ordinary shares of £0.00001 each and Ordinary A shares of £0.00001 each respectively. There was no impact on the total value of the issued share capital.

During the year the following issues of shares took place which were all fully paid for:

- On 14 March 2017, 672,358 ordinary shares of £0.00001 each were issued at £1.42038 per share;
- On 25 May 2017, 128,144 ordinary shares of £0.00001 each were issued at £1.950930 per share;
- On 18 July 2017, 716,306 ordinary shares of £0.00001 each were issued at £2.792103 per share; and
- On 18 July 2017, 203,214 ordinary C shares of £0.00001 each were issued at par.

The Ordinary B shares of £1 carry no voting rights or rights to dividends. The Ordinary C shares of £0.00001 carry no voting rights.

The holders of the Ordinary shares of £0.00001, the Ordinary A shares of £0.01 and Ordinary C shares of £0.00001 are not entitled to dividends until certain financial liabilities are repaid in full.

22. PROVISIONS

	Dilapidations £
Group	
Non-current	
At 1 January 2017	150,000
Arising on acquisition of subsidiary	236,125
At 31 December 2017	386,125

The Group has made a provision for the dilapidation costs relating to leased premises as stated in the lease agreement.

23. RELATED PARTY TRANSACTIONS

Key management personnel

Details of the compensation of the key management personnel have been disclosed in note 11.

Group

The Group has a related party relationship with its subsidiaries and with its key management personnel, who are considered to be its directors. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation for the Group and are not disclosed in this note. All related party transactions are conducted on an arm's length basis. The transactions entered into between the Group and related parties were as follows:

2017		**Sales to related party**	**Purchases from related party**	**Balance owed by related party**	**Balance owed by related party**
		£	**£**	**£**	**£**
Acorn Capital Partners Limited	a	-	140,000	-	1,558
Thermotech Solutions Limited	a	3,392	6,377	-	346
Mondil Limited	b	-	140,000	-	8,783
Motzab Limited	c	-	135,452	-	1,740
B&L Partnership Limited	c	-	114,000	-	14,400
Foulger Warehousing Limited	c	1,971	399,547	202	9,647
Cammack Properties Limited	d	-	70,100	-	23,999
Relocatable Buildings Limited	e	10,658	-	750	-

2016		**Sales to related party**	**Purchases from related party**	**Balance owed by related party**	**Balance owed to related party**
		£	**£**	**£**	**£**
Acorn Capital Partners Limited	a	-	140,000	-	20,000
Once Upon a Time London Limited	a	5,848	-	-	-
Mondil Limited	b		140,000	-	20,000
P Fields	b	-	-	-	550,000
Motzab Limited	c	6,543	131,450	-	1,740
Foulger Warehousing Limited	c	-	400,656	-	10,756
Cammack Properties Limited	d	-	82,475	-	27,726

The nature of the relationship and the transactions entered into with the related parties are:

a) G Norfolk, a director, is also a director and shareholder of Acorn Capital Partners Limited, Once Upon a Time London Limited and Thermotech Solutions Limited.

b) P Fields, a director, is also a director and shareholder of Mondil Limited. P Fields provided an interest free loan of £750,000 to the Group during the prior year. £200,000 was repaid during the prior year and the loan was fully repaid in January 2017.

c) B Germany, a director of Foulger Transport Limited, which is a wholly owned subsidiary of Kinaxia Limited, is also a director and shareholder of Motzab Limited and Foulger Warehousing Limited and B & L Partnership Limited.

d) J Cammack, a director of N C Cammack & Son Limited, which is a wholly owned subsidiary of Kinaxia Limited, is also a director and shareholder of Cammack Properties Limited.

e) K N Johnson, a director of Panic Transport (Contracts) Limited, which is a wholly owned subsidiary of Kinaxia Limited, is also a director and shareholder of Relocatable Buildings Limited.

24. COMMITMENTS

Operating lease arrangements

At the balance sheet date the Group had total future minimum lease payments under non-cancellable operating leases for each of the following periods:

Land and buildings	**Group 2017**	2016
	£	£
Within one year	**1,208,250**	821,117
Between two and five years	**4,833,000**	2,713,166
More than five years	**3,812,708**	423,333
	9,853,958	3,957,616

Other	**Group 2017**	2016
	£	£
Within one year	**434,096**	245,426
Between two and five years	**274,517**	252,462
More than five years	-	8,776
	708,613	506,664

Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £433,974 (2016: £367,709). Contributions totalling £70,180 (2016: £42,507) were payable to the fund at the balance sheet date.

25. POST BALANCE SHEET EVENTS

In July 2018 the group entered into a 15-year lease for a 116,000 sq.ft state-of-the-art warehouse facility in Daventry. This has a capacity of 24,000 pallets and is due to be fully operational by Q4 2018.

26. CONTROLLING PARTY

There is no overall controlling party.

27. ACQUISITIONS

During the year ended 31 December 2017, the Group made the following acquisitions:

- Panic Transport (Contracts) Limited – 2 February 2017;
- A J Maiden and Son Limited – 25 May 2017; and
- Mark Thompson Transport Limited – 18 July 2017

On 5 December 2017, the Group also acquired the business and certain of the assets of B C Transport (Bollington) 1991 Limited, a company which was in administration, for £40,000.

A summary of these acquisitions, the assets and liabilities acquired and the associated goodwill is set out below:

	Panic Transport £	A J Maiden £	Mark Thompson £	Total £
Net assets acquired	3,151,831	11,148,131	5,005,946	19,305,908
Fair value adjustments	(14,733)	(374,954)	(768,178)	(1,157,865)
Fair value recognised on acquisition	3,137,098	10,773,177	4,237,768	18,148,043
Consideration	9,796,888	12,687,863	12,128,940	34,613,691
Goodwill	**6,659,790**	**1,914,686**	**7,891,172**	**16,465,648**

The post-acquisition results of the businesses acquired post-acquisition are:

	Panic Transport £	A J Maiden £	Mark Thompson £	Total £
Revenue	13,816,892	10,047,387	6,091,159	29,955,438
Profit before tax and after management charges	15,078	(371,687)	319,245	(37,364)

If the businesses had been acquired on 1 January 2017, the results of the businesses acquired are:

	Panic Transport £	A J Maiden £	Mark Thompson £	Total £
Revenue	15,005,509	16,284,258	16,051,740	47,341,507
Profit before tax and after management charges	174,322	230,872	1,874,077	2,279,271

Panic Transport (Contracts) Limited	Book value £	Adjustment £	Fair value £
Property, plant and equipment	2,533,595	-	2,533,595
Investments	33,921	-	33,921
Stock	67,776	-	67,776
Receivables	2,896,488	-	2,896,488
Cash	1,303,885	-	1,303,885
Payables	(2,116,291)	(14,733)	(2,131,024)
Finance leases	(1,176,418)	-	(1,176,418)
Deferred tax	(155,000)	-	(155,000)
Provisions	(236,125)	-	(236,125)
	3,151,831	(14,733)	3,137,098

Fair value of consideration paid	
Cash	8,841,888
Issue of shares	955,000
Total consideration	9,796,888
Goodwill	**6,659,790**

The fair value adjustment represents inclusion of an estimated tax liability at the date of acquisition. Transaction costs associated with the acquisition have been recorded directly in the income statement. The goodwill arising on the acquisition is not deductible for tax purposes.

A J Maiden and Son Limited	Book value £	Adjustment £	Fair value
Property, plant and equipment	3,697,399	-	3,697,399
Receivables	31,924	-	31,924
Cash	1,857,134	-	1,857,134
Payables	6,581,054	-	6,581,054
Finance leases	(949,380)	(374,954)	(1,324,334)
Deferred tax	(70,000)	-	(70,000)
	11,148,131	(374,954)	10,773,177

Fair value of consideration paid	
Cash	12,437,863
Issue of shares	250,000
Total consideration	12,687,863
Goodwill	**1,914,686**

The fair value adjustment represents inclusion of an estimated tax liability at the date of acquisition. Transaction costs associated with the acquisition have been recorded directly in the income statement. The goodwill arising on the acquisition is not deductible for tax purposes.

Mark Thompson Transport Limited

	Book value	Adjustment	Fair value
	£	£	£
Intangible assets	750,000	(750,000)	-
Property, plant and equipment	6,976,988	-	6,976,988
Receivables	4,083,493	-	4,083,493
Cash	1,361,742	-	1,361,742
Payables	(3,225,124)	(18,178)	(3,243,302)
Finance leases	(4,999,875)	-	(4,999,875)
Deferred tax	58,722	-	58,722
	5,005,946	(768,178)	4,237,768
Fair value of consideration paid			
Cash			10,128,940
Issue of shares			2,000,000
Total consideration			12,128,940
Goodwill			**7,891,172**

The fair value adjustment represents inclusion of an estimated tax liability at the date of acquisition as well as the write off of goodwill which arose in the Company when it was incorporated. Transaction costs associated with the acquisition have been recorded directly in the income statement. The goodwill arising on the acquisition is not deductible for tax purposes.

28. NOTES SUPPORTING STATEMENT OF CASH FLOWS

	Non-current loans and borrowings	Current loans and borrowings	Total
	£	£	£
At 1 January 2016	25,400,579	50,126	25,450,705
Cash flows	(311,025)	969,560	658,535
Non-cash flows	2,180,564	-	2,180,564
At 1 January 2017	27,270,118	1,019,686	28,289,804
Cash flows	11,139,580	14,573,248	25,712,828
Non-cash flows	1,355,408	-	1,355,408
At 31 December 2017	39,765,106	15,592,934	55,358,040

Company Balance Sheet as at 31 December 2017

Registered Number: 07466536

	Note	Company 2017	2016
		£	£
Assets			
Non-current assets			
Investments	5	**8,401,724**	8,401,724
Total non-current assets		**8,401,724**	8,401,724
Current assets			
Trade and other receivables	6	**3,958,395**	736,235
Cash and cash equivalents	7	**24,514**	43,557
Total current assets		**3,982,909**	779,792
Liabilities			
Current liabilities			
Trade and other payables	8	**442,880**	5,310,420
Net current assets / (liabilities)		**3,540,029**	(4,530,628)
Net assets		**11,941,753**	3,871,096
Equity			
Share capital	9	**225**	208
Share premium		**5,228,553**	2,023,570
Retained earnings		**6,712,975**	1,847,318
Total equity attributable to the owners of the Company		**11,941,753**	3,871,096

The financial statements on pages 55 to 61 were approved by the Board of Directors and were signed on its behalf by:

Graham Norfolk

Graham Norfolk

Director

Date: 18 September 2018

The accompanying notes form part of these financial statements.

Company Statement of Changes in Shareholders' Equity

For the Year Ended 31 December 2017

	Note	Called Up Share Capital £	Share Premium Reserve £	Retained Earnings £	Total Equity £
At 1 January 2016		208	2,023,570	1,778,902	3,802,680
Profit for the year		-	-	68,416	68,416
Issue of share capital	9	-	-	-	-
At 31 December 2016		**208**	**2,023,570**	**1,847,318**	**3,871,096**
Loss for the year		-	-	4,865,657	4,865,657
Issue of share capital	9	17	3,204,983	-	3,205,000
At 31 December 2017		**225**	**5,228,553**	**6,712,975**	**11,941,753**

Notes to the Company Financial Statements

For the Year Ended 31 December 2017

1. ACCOUNTING POLICIES

Accounting Convention

The Company 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 with the Companies Act 2006.

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

The principal accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017. These policies have been consistently applied to all periods presented unless otherwise stated.

Financial Reporting Standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments and Section 12 Other Financial Instruments; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances together with bank overdrafts that are repayable on demand.

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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

Carrying value of investments

The Directors review the carrying value of investments on an ongoing basis to ascertain whether there are any indicators of impairment.

Provision for impairment on receivables

The Directors exercise judgement in providing for impairment loss on receivables due to the Company.

3. 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. The profit dealt with in the financial statements of the Company was £4,865,657 (2016: profit of £68,416).

4. AUDITORS' REMUNERATION

Auditors' fees for the company were £6,250 (2016: £5,000).

5. FIXED ASSET INVESTMENTS

Company	Investment in subsidiary undertakings 2017 £	2016 £
Cost and net book value		
At 1 January 2016 and 31 December 2016	**8,401,724**	8,401,724

Investments in subsidiary undertakings are recorded at cost, which is the fair value of the consideration paid. All subsidiaries and the company are wholly owned, incorporated in England and Wales and operate in the United Kingdom.

Company	Business activity	Holding	Registered office
Kinaxia Logistics Limited	Intermediate holding company	100%	Kinaxia Adlington Business Park, Adlington, Macclesfield, England, SK10 4NL
Kinaxia Transport & Warehousing Limited	Intermediate holding company (a)	100%	Kinaxia Adlington Business Park, Adlington, Macclesfield, England, SK10 4NL
William Kirk Limited	General haulage and warehousing (b)	100%	Adlington Industrial Estate, London Road Adlington, Macclesfield, Cheshire, SK10 4NL
Bay Freight Limited	General haulage and warehousing (b)	100%	Tameside Freight Terminal, Premier House Tame Street, Stalybridge, Cheshire, SK15 1ST
N C Cammack and Son Limited	General haulage and warehousing (b)	100%	Unit 11 Spitfire Drive, Earls Colne Business Park, Earls Colne, Essex C06 2NS
Foulger Transport Limited	General haulage and warehousing (b)	100%	The Circuit, Snetterton, Norfolk, NR16 2JU
Lambert Brothers Haulage Limited	General haulage and warehousing (b)	100%	Woodside Avenue, Eastleigh, Hampshire, SO50 4ZR
Lambert Brothers Holdings Limited	Property investment (b)	100%	Woodside Avenue, Eastleigh, Hampshire, SO50 4ZR
Ensco 898 Limited	Property investment	100%	Fawside Farm, Longnor, Buxton, Derbyshire, SK17 0RA
Cammack Limited	Dormant (b)	100%	Unit 11 Spitfire Drive, Earls Colne Business Park, Earls Colne, Essex C06 2NS
GAG57 Limited	Dormant (b)	100%	The Circuit, Snetterton, Norfolk, NR16 2JU
BC Transport 2017 Limited (formerly Lambert Kirk Limited)	General haulage	100%	Adlington Industrial Estate, London Road Adlington, Macclesfield, Cheshire, SK10 4NL
Panic Transport (Contracts) Limited	General haulage and warehousing (b)	100%	Europark A5 Watling Street, Clifton Upon Dunsmore, Rugby, England, CV23 0AL
A J Maiden and Son Limited	General haulage and warehousing (b	100%	A J Maiden & Son Deer Park Court, Donnington Wood, Telford, Shropshire, England, TF2 7NA
Mark Thompson Transport Limited	General haulage	100%	The Acres, Stretton Distribution Centre Grappenhall Lane, Appleton, Warrington, Cheshire, England, WA4 4QT

(a) This subsidiary is owned by Kinaxia Logistics Limited
(b) These subsidiaries are owned by Kinaxia Transport and Warehousing Limited

6. TRADE AND OTHER RECEIVABLES

	Company 2017 £	2016 £
Current		
Trade receivables	-	-
Less: provision for impairment of trade receivables	-	-
		-
Amounts owed by Group undertakings	**3,928,040**	736,177
Other debtors	**30,355**	58
Prepayments and accrued income	-	-
	3,958,395	736,235

7. CASH AND CASH EQUIVALENT

	Company 2017 £	2016 £
Cash at bank and in hand	**24,514**	43,557

8. TRADE AND OTHER PAYABLES

Current	Company 2017 £	2016 £
Amounts owed to Group undertakings	**400,000**	5,219,980
Other taxes and social security	**1,437**	4,000
Accruals and deferred income	**40,000**	10,000
Other payables	**1,443**	76,440
	442,880	5,310,420

9. SHARE CAPITAL

	Company 2017 £	2016 £
Allotted, called up and fully paid		
1,819 Ordinary shares of £0.01 each	-	18
3,287,808 Ordinary shares of £0.00001 each	**33**	-
9,000 Ordinary A shares of £0.01 each	-	90
9,000,000 Ordinary A shares of £0.00001 each	**90**	-
100 Ordinary B shares of £1 each	**100**	100
203,214 Ordinary C shares of £0.00001 each	**2**	-
	225	208

On 2 February 2017, the company undertook a share sub-division exercise. The existing Ordinary shares of £0.01 each and the Ordinary A shares of £0.01 each were sub-divided into Ordinary shares of £0.00001 each and Ordinary A shares of £0.00001 each respectively. There was no impact on the total value of the issued share capital.

During the year the following issues of shares took place which were all fully paid for:

- On 14 March 2017, 672,358 ordinary shares of £0.00001 each were issued at £1.42038 per share;
- On 25 May 2017, 128,144 ordinary shares of £0.00001 each were issued at £1.950930 per share;
- On 18 July 2017, 716,306 ordinary shares of £0.00001 each were issued at £2.792103 per share; and
- On 18 July 2017, 203,214 ordinary C shares of £0.00001 each were issued at par.

The Ordinary B shares of £1 carry no voting rights or rights to dividends. The Ordinary C shares of £0.00001 carry no voting rights.

The holders of the Ordinary shares of £0.00001, the Ordinary A shares of £0.01 and Ordinary C shares of £0.00001 are not entitled to dividends until certain financial liabilities are repaid in full.

10. COMMITMENTS

The company has no commitments.

11. RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 23 to the Consolidated financial statements.

The company has taken advantage of the exemption in FRS 102 not to disclose transactions entered into between two or more members of a group whereby the subsidiary that is a party to the transaction is wholly owned by a member.

The directors of the company are considered to be the key management personnel. Details of directors' remuneration are provided in note 11 to the Consolidated financial statements.

Kinaxia Logistics

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