Company No.07466536

Kinaxia Limited

Annual Report and Financial Statements

2020

Contents

Company information

Directors - G R Norfolk and P R Fields

Registered number - 07466536

Registered office - Kinaxia Adlington Business Park, Adlington, Macclesfield, SK10 4NL

Independent auditors - Hurst Accountants Limited Chartered Accountants & Statutory Auditors, Lancashire Gate, 21 Tiviot Dale, Stockport, SK1 1TD

Solicitors - Gateley PLC, Ship Canal House, 98 King Street Manchester, M2 4WU

Kinaxia Group strategic report

Introduction

The directors of Kinaxia Limited are pleased to present their strategic report and financial statements for the year ended 31 December 2020.

Our vision is to be a leading UK logistics provider. We will achieve this by creating a service focused, multi-disciplined group of profitable, wholly owned companies, working together to deliver a world class service.

Our strategic acquisitions of established, successful family owned businesses create a family of families with common interests and values.

Principal activities and performance

The principal activity of Kinaxia Limited is the provision of transport, distribution and warehousing services.

The core areas of the business are:

General Haulage | Distribution | Line Haul | Warehousing | Contract Packing | Freight Forwarding

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Review of Business

Financial highlights

- Revenue up 0.5% at £170.8m
- Gross margin up 12.4% to 27.8%
- EBITDA up 35% to £29m

*Based on IFRS16 basis	2020	2019	Change
	£	£	%
Revenue	**170,752,902**	**169,975,733**	**0.5%**
Gross Margin	27.8%	24.7%	12.4%
EBITDA*	**29,009,902**	**21,583,926**	**34.4%**

Key Highlights:

- Revenue in line with prior year despite the impacts of Covid-19 lockdown periods on trading activity.
- Gross profit increase of 12.9% up to £47.45m in the year ended 31st December 2020.
- EBITDA increase of 34.4% up to £29m in the year ended 31st December 2020
- Net debt down 33% or £34.5m year on year
- £21.6m repayment of bank loans in the year ended 31st December 2020
- 73% increase in cash and cash equivalents in the year ended 31st December 2020, 19% improvement in operating cash flows during the year ended 31st December 2020

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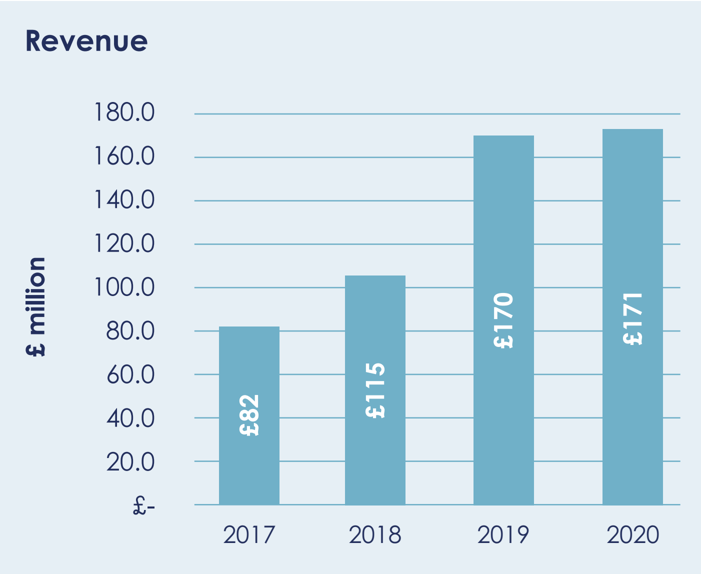
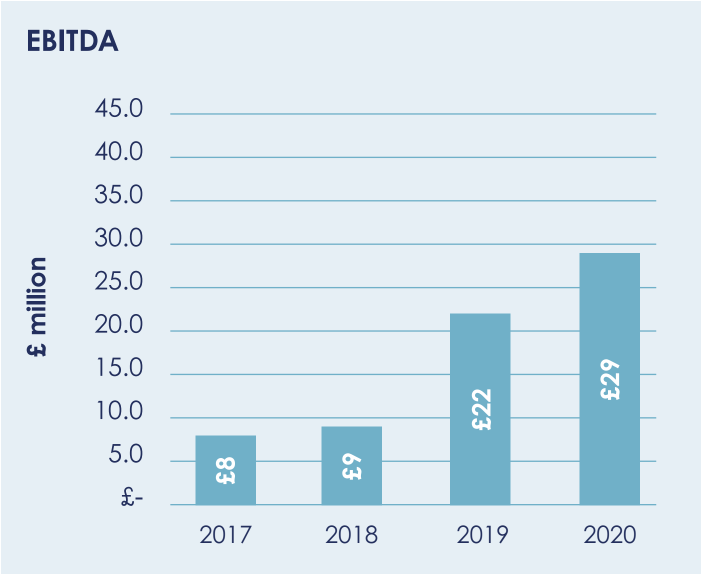
2020 was a challenging trading year under Covid-19 conditions and the business was affected by the national UK lockdowns during the year.

Revenue
£171 million

0.5% Increase





*EBITDA in 2017 and 2018 is pre IFRS16

Group Statistics

Square feet of warehousing
2,100,000

Vehicles in fleet
882

Operating businesses in Group
13

Employees
1,779

Workshops
7

Trailers **1,176**

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CEO report: Simon Hobbs

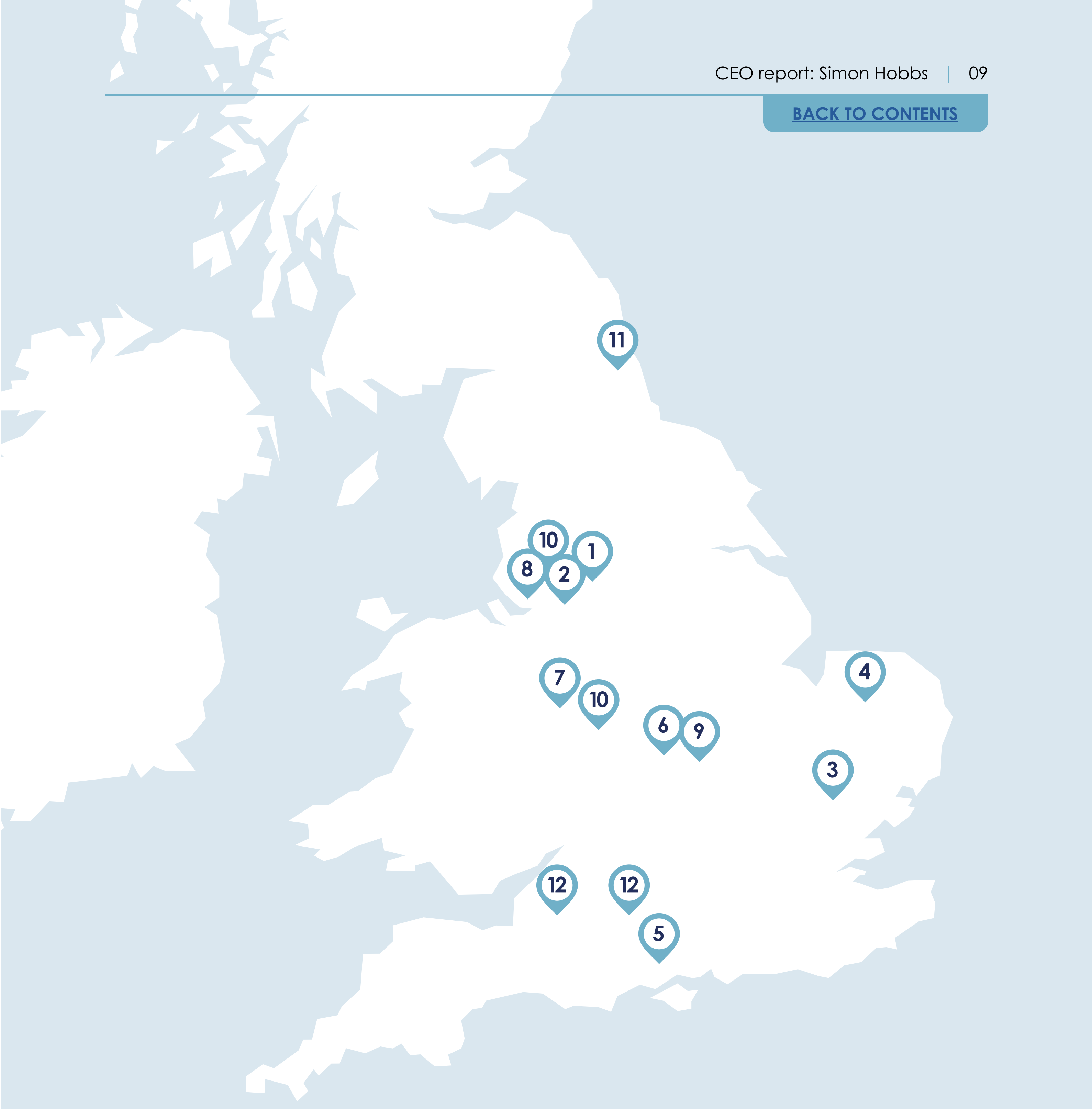
Despite the challenges and distraction of Covid-19, 2020 saw our Kinaxia Group continue its transition to become a top 10 UK Distribution and Warehousing Group by the end of 2023.

Several key foundations were put in place to assist us in delivering our vision of offering the UK market an alternative distribution & warehousing solution that retains each of our family's regional strengths and unites these through a national infrastructure to create our Kinaxia "family of families" market proposition.

We launched our 2020 – 2023 Business Plan to our top 100 managers and are rolling this briefing out to all 1,779 of our UK staff. It is important that our team understands what we are doing, where we are going and the role they play. Retaining the local ownership, entrepreneurship, agility, and customer focus of each or our 13 operating businesses is key to our future success and our market differentiator – our family of families offering.

Our Kinaxia brand continues to grow in visibility. We were pleased to be recognised by Logistics Manager as the fastest growing logistics company in the UK and to be included within The Sunday Times Top 250 mid-sized UK businesses. We will continue to promote our new brand and become a more recognised UK service provider.

2020 was a year we continued to invest in and shape the group to offer our UK market a differentiated "family of families" distribution and warehousing business that retains all the benefits of local family businesses complemented by a consistent national service offering.



1 Bay Freight	2 William Kirk	3 CAMMACK	4 FOULGER
5 Lambert Brothers	6 PANIC	7 Maidens	8 MARK THOMPSON TRANSPORT
9 K Warehouse	10 AKW	11 FFG	12 David Hathaway

Operational highlights

As with all UK businesses, 2020 was dominated by Covid-19, the impact on our UK business and how we reacted to it.

At our lowest point mid-April 2020, we saw our volumes fall 35% below pre-March 23 lockdown levels. As a decentralised business we were able to respond extremely quickly and within weeks of the lockdown commencing we were able to furlough over 30% of our employees and "de-fleet" a third of our vehicles.

In addition, we agreed deferred payments on numerous operational and fixed costs. It is important to thank all our colleagues, customers and suppliers for their continued support through a challenging time.

Health and Safety remains a key focus and we recruited a central Kinaxia Health & Safety manager to support the regional businesses. This role will now develop best practice within this important area and commence a standard investigatory review of all lost time accidents with the objective of significantly reducing these in line with our 2020 – 2023 business plan. To support the greater collaboration of our Kinaxia businesses we continued the investment and standardisation of our information technology. JDA Blue Yonder was successfully implemented at our largest 330,000 sq. ft warehouse during the pandemic lockdown. A great achievement under normal circumstances and remarkable given the additional challenges of social distancing.

In parallel to our JDA roll out we also completed the implementation of our Transport Management System at Panic Transport. This now leaves just two remaining businesses, David Hathaway and Fresh Freight, to be migrated onto our standard TMS system in 2021.

During 2020 we opened a new transport facility and an additional 100,000 sq. ft of warehouse for Mark Thompson Transport near Warrington to support future linehaul growth.

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Compliance

Throughout 2020 our main focus remained on the health, safety and wellbeing of all our group-wide staff, customers and members of the public with the wider inclusion of all personnel and visitors in our workplaces.

This key group-wide initiative remains the number one board-level commitment and we believe that this is best achieved by ensuring strong compliance training and leadership throughout. Therefore, each operating location is supported by on-site teams delivering across all areas of compliance, health and safety, and driver training.

Our key objective for 2020 was to continue the ongoing development, improvements and implementation of group-wide standard practice and operational excellence to ensure the accurate reporting of key data for the on-site management and wider board. Stronger auditing, monitoring and reporting of all compliance and health, safety and environmental (HSE) events at all operating company levels has enabled the identification of additional training needs for a cross section of employees. This has been achieved through the expansion and development of our group-wide compliance and HSE team, including Directors, Regional Managers and local on-site managers, supported by a strong team of compliance / driver trainers. This policy has continued group-wide throughout 2020 and has shown strong improvements in our reporting.

Kinaxia remains committed to the FORS (Fleet Operators Recognition Scheme) which was originally implemented in 2017 across the Group and continues to be the standard that we utilise. We have developed our own in-house online version of the FORS 5 standards and reporting which was the first in the logistics sector and has been well recognised and received by the external FORS auditors. FORS 5 remains as the benchmark standard across all operating companies. In 2020, we again passed every external audit by the governing body, in what was a very challenging period due to Covid-19.

Working under the FORS 5 standard, each driver completes an in-depth induction and is provided with the Kinaxia Driver's Handbook (which is reviewed by the compliance team on a quarterly basis) upon commencing employment. Our Kinaxia Handbook outlines all the information they need to work safely and professionally, including specific safety initiatives around driving and handling vehicles as well as interaction with all other road users. These compliance procedures continue to be developed to ensure we always keep drivers, staff and members of the public safe. Additionally, we have a continuous review process that considers all current safe systems of work and risk assessments with these being amended across all areas of operations as appropriate and throughout The Covid-19 pandemic have been reviewed and rewritten with numerous additions added to ensure compliance.

We have developed a close working relationship with the governing bodies within our sector, such as the RHA (Road Haulage Association), and last year worked with the RHA to develop their new National Member Safety videos to be rolled out to all members during 2021. This project was delayed by several months due to Covid-19. We have recently been invited by the RHA to work in conjunction with them on a new project to develop specific apprentice models for the logistics sector.

In line with changing Government legislation regarding vehicles operating in Central London, we have invested in and implemented the required technology including cameras and audible warning system to ensure we are able to operate in Central London in a totally compliant and safe manner. This has been reviewed and implemented group-wide and a large percentage of the fleet that work within the M25 have been fitted with the required cameras and technology. We continue to develop our extensive internal library of Toolbox Talks aimed at ensuring that the highest levels of safety and compliance are maintained and upheld. These are constantly being reviewed and rolled out through one-to-one training by on-site driver trainers, compliance and HSE team members to ensure we continue to develop and support our highly skilled and trained workforce. This is also supported with a Root Cause Analysis process developed to ensure stronger reporting of any incidents or near misses. Continued telematics implementation was a major project during 2020. Following this group-wide roll out, we are now able to report and analyse data in real time and provide detailed reporting at Board and operational level to ensure continued levels of improvements and efficiencies. By utilising technology, we are able to identify potential issues in advance and can engage with our staff to provide additional training and support. We work closely with our insurers and our telematics providers to develop stronger reporting and have monthly reviews to manage how we operate and consider all new enhancements. Checkedsafe, which is used by all group drivers on their pre-vehicle daily checks, has continued to be developed and additional enhanced modules added to support other areas of our business in daily site walk round checks and manual handling equipment (MHE) daily checks. This platform links directly to our transport management teams and workshops to provide a 100% accurate reporting system and enables the reporting and management of any vehicle defects and actions required.

BlueTree (ORBCOMM) is our tractor unit telematic system. BlueTree is an advanced product that enables full vehicle telematics reporting remotely in real time. By utilising BlueTree, we are able to monitor all vehicle data such as speed, engine idling, MPG, acceleration, braking and harsh cornering. Our driver trainers then use the live data in driver debriefs at the end of the shift to improve driver behaviours and deal with any possible driver infringements. BlueTree is already

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helping us group-wide to increase vehicle efficiencies, which in turn will lead to higher levels of road safety and group financial performance. All sites and driver trainers review the data and report daily to monitor the impact of initiatives and training programmes.

This monitoring will continue to ensure compliance with all DVSA regulations.

As mentioned earlier, we continue to work alongside our insurers to deliver ongoing driver awareness and training through third party external experts, raising awareness and acting as a learning and preventative mechanism for drivers.

Kinaxia's compliance and health and safety teams continue to work to the highest standard to ensure that all necessary accreditations are maintained and delivered across all operating areas. We have recently completed the development of additional site audits that deliver detailed reports and have an in-built scoring mechanism to provide accurate results on the audit findings.

These results are shared with the operating company MD and on-site team and actions agreed and planned for the required improvements to be delivered and a re-audit planned. We remain totally committed to the governance of national standards and continue to ensure these standards, such as British Retail Consortium (BRC), are maintained and accredited and again, during 2020, all external audits have been passed and accreditations retained.
As a result of the past year, Covid-19 has challenged us to ensure our whole operations and depot network have delivered the highest possible standards of Covid site awareness and prevention. This has been a fantastic group-wide initiative led by our Covid-19 Committee that continues to meet twice weekly and is chaired by Kinaxia's CEO. We have effectively implemented Covid initiatives to ensure our workplaces are fully Covid compliant.
This has involved segregated work areas, provision of Personal Protective Equipment and sanitisation stations, utilisation of screens and risk assessments at all locations and deep clean and sanitisation of vehicles and offices. Also, strong staff interaction is encouraged to ensure any concerns have been raised, investigated and feedback given and where appropriate shared across the group operations as good practice.
We have utilised technology effectively to allow home working as required and ensured the continuity of daily operations and the continued monitoring of staff wellbeing.

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Marketing and brand

The Kinaxia brand strategy and journey gathered pace throughout 2020. We focused on both internal and external communication, working and building on the strong foundations laid in 2019.

During the last quarter we launched the re-branded Kinaxia website which was the penultimate piece in the jigsaw of the Kinaxia re-brand to incorporate the "Care Runs Through our Routes" in our Family of Families campaign strategy.

This was delivered and launched on the same day as we took the number "1" spot on Logistics Manager's Top 50, as the fastest growing Service Provider of the year.

In 2020 we were also recognised in the Sunday Times Top Track 250 list, making it into the list at position 223.

This is a true accolade for us as this list recognises companies within the mid-market with the largest sales. This is a major achievement especially during the Covid-19 pandemic.

Throughout the Covid-19 pandemic we have remained focused on finding new ways to communicate with employees as key workers and to keep the supply chain "delivering" on behalf of our clients. We have incorporated new ways of working, like most companies we have utilised Teams, but we have also now incorporated monthly updates from Simon Hobbs and functional heads. We are using video updates to communicate this out internally and share with all employees to ensure full engagement.

We have carried out our annual customer survey. Our NPS score remained high, however, we received a lower response rate than usual which we believe may be due to the usual respondents' pressure of work due to Covid-19. We will carry out the annual survey again next year, but it was positive that we maintained our high NPS score overall. Our Marketing Sponsorship activities were further bolstered by Covid-19 in ways which we had not anticipated at the beginning of the year.

Corporate social responsibility

Operating in an ethical, socially responsible manner is important to our Kinaxia Family, ensuring that we put our people, customers, and community at the very heart of our societal impact.

We have continued to develop and strengthen group-wide by investing in resource to drive our business key CSR focus areas on environment, community, workplace, and ethics.

Decreasing Emissions, Inclusive of SECR

We measure and monitor our operational carbon footprint in order to assess our environmental impact and are pleased that our scope one* and scope two** emissions have reduced year on year (based on calculations in line with DEFRA guidelines). We will continue to work on ways to further reduce our carbon footprint.

** Scope one (direct) GHG emissions are derived from the consumption of gas, oil and vehicle fuel. ** Scope two (electricity direct) GHG emissions are derived from the consumption of purchased electricity.*

Streamlined Energy & Carbon Report tonne Co_2e

	2019	2020	% Change
Emissions from business travel	135.29 t/Co_2e	32.01 t/Co_2e	- 76.3%
Emissions from commercial freight movement	80,222.92 t/Co_2e)	69,206.37 t/Co_2e	- 13.7%
Emissions from other fuels – Kerosene, red diesel.	800.04 t/Co_2e	629.86 t/Co_2e	- 21.3%
Gas – Utilities & LPG	850.40 t/Co_2e	845.27 t/Co_2e	- 0.6%
Electricity	1303.17 t/Co_2e	1075.15 t/Co_2e	- 17.5%
TOTAL	**83,311.82 t/Co_2e**	**71,788.65 t/Co_2e**	**- 13.8%**

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Commercial and business travel

Group-wide business travel in personal and company cars dramatically reduced following the Covid-19 outbreak in March 2020,

As a business we continued to keep travel to a minimum even when restrictions lifted, utilising other means of structuring meetings such as video calls and conference phones. In line with keeping travel to a minimum and our commitment to reducing our emissions, we have increased our company car fleet with more hybrid vehicles and a 100% electric vehicle. We will also be installing further charging points at several depots to encourage more employees to make the move to hybrid/ electric as they will have a place to charge their vehicles during their time at work.

The total commercial fleet numbers reduced as activity reduced in line with Covid-19 lockdowns and volume reductions. The group explored backloads to minimise any empty mileage. A project was rolled out to increase subcontract work within the group depots, further decreasing unnecessary mileage. This has reduced our commercial fleet emissions by 11,017 t/Co2e.

The group continued to implement full Telematics systems into the fleet increasing the total number of vehicles on telematics by 48% up to 84%. Using this system, we are introducing a driver behaviour training scheme; we will be looking to boost the number of drivers within grade A by a minimum of 10%. This will be facilitated through a driver engagement steering group, bonus schemes, driver of the year awards and the production of weekly telematic analytics for all drivers to see. This new initiative will result in an increase of MPG, leading to a greater reduction in Co2e. We have also increased the number of vehicles meeting Euro 6 emission standards over the 2020 period up to 80%.

Mark Thompson Transport, the largest fleet in our group, frequently pull aerodynamic trailers for one of their leading customers. This has led to consistently high scoring mpg figures throughout 2020. Other leading customers within the group have expressed interest in moving to more efficient and environmentally friendly trailers in 2021 and this is something the Group is keen to explore.

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Utilities and alternative fuels

Throughout 2020 our largest warehouse in the group reduced their fuel burning MHE fleet down to net zero.

They now run a completely electric fleet of 22 MHE vehicles within their warehouse. This has led to a group decrease in our emissions from other fuels such as LPG.

Kinaxia has proactively invested over £100k in energy savings programs such as motion sensor light fittings, to indoor and outdoor new builds that control and reduce the volume of electricity used. Further to this we increased the amount of renewal electricity by 24% to 53% and in February 2021 up to 80% of our business will be receiving energy from renewable green providers.

Recycling

Our carbon neutral paper destruction process has successfully continued to grow across the businesses. This service has allowed us to strengthen the security of data in operation, whilst considerably reducing and recycling the volumes of paper used, enabling us to make a positive change and environmental impact that includes:

- Weight of Paper collected (KG) -26,508.0
- Number of trees saved: 451
- Energy saved: (kW) 106,032
- CO^2 Saved (kg): 20,093 -
- Reduction in waste to landfill(m3): 60.44
- Water saved (litres): 8,535,002

In 2020, we hoped to have one supplier for our hazardous and non-hazardous waste. We will continue to explore opportunities with this process in 2021.

We recognise the need to be ethical in the way we re-distribute warehouse write-off (surplus) stock through our supply chain, removing and reducing the need to land fill and creating the opportunity to support local communities. In partnership with HIS Church, a charitable organisation that helps businesses redistribute surplus stock, Kinaxia donated over 3,000 face shields, to a local care home and "Helping Hands" project, many of whom are elderly.

In 2020, we have invested in a new waste management partner, piloting a waste management process to help divert waste from landfill to waste energy, increase recyclability and providing total environmental compliance. The results and success of the pilot will enable us to make some informed choices and decisions for a group wide roll out that will support the business commitment to reduce, reuse, rethink and recycle waste products efficient and effectively.

Community

Giving something back to our local communities is an integral part of our responsible business values. This year we have invested further in our CSR depot champion network team. We have implemented structured monthly meetings to support our local champions to be the eyes, ears, and voices at a local level to galvanise our employees and share CSR best practice. This has inspired and motivated our people to engage with a variety of national and local community initiatives encouraging a positive community impact.

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National Charity Partnerships

Air Ambulance

- In 2020 Air Ambulance was voted by our employees as Kinaxia's National Charity Partner of the year. Through the generous fundraising efforts of employees, £2,973 was raised, helping AAUK with financial support in coordinating their UK'S 21 air ambulance charities to work together to face the unprecedented operational, financial and organisational challenges presented by Covid-19. Ultimately, this ensured that patient care and the safeguarding of crews was never compromised.

Cash for Kids/ National Hits Radio

- In Q4 2020 the Kinaxia family came together to help improve the lives of disadvantaged children and young people in our communities who are affected by poverty, illness, neglect or have additional needs. Working hand in hand with National Hits Radio Cash for Kids and driving a group coordinated campaign, our local CSR champions, employees, and customer Golden Bear Toys, made a positive impact and difference.
- Collaboratively donated over 600 gifts, £813 cash donations and 133 volunteer hours.
- Kinaxia SLT led a team of 40 employee volunteers at the Mission Christmas HQ over 2 days, preparing toys and gift donations for distribution.

Local Charity Partnerships:

- Various local lockdown fundraising activities such as running and walking helped raise funds to a variety of charities that include Bowel Cancer UK, Miles for Mind and Diabetes UK.
- £2,250 was raised by an employee who completed a marathon, running one mile on the hour every hour for the Michael Carrick Foundation.
- Macmillan Coffee Morning brought office staff, warehouse and drivers together buying and baking cakes raising over £500.
- We have continued our partnership into 2021 with St Helens Rugby Club. This ensures that we give back to local communities in which our business operates. We featured on the home and away shirts plus on their stadium promoting the logistics industry.
- In 2021 Kinaxia is working towards the introduction of an employee volunteering policy that will allow all employees to take 1 paid day per year of volunteer time. This new employee benefit will provide opportunities for employees and the business to give back to local communities.

Business Ethics

Kinaxia has several policies in place and is committed to ensuring that our people and customers are updated regularly. In 2021 we will be introducing a series of Manager Toolbox talks to inform and educate leaders on the key policies and procedures around our Business Ethics.

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People

Our People Strategy is to support the individuality of each business whilst championing the growth of the Group through consistent approaches to staffing, policies, remuneration, retention, training and development and empowering our employees to make a difference.

We now employ c.1,779 colleagues across the Group who are integral to the continued success and growth of our business.

Training and Development

In 2019 we recruited a Group Learning and Development Manager to implement a 3-year Learning & Development Strategic Plan which is aligned to the business objectives of the Group. This has now expanded into the development of a Kinaxia Academy which incorporates multiple key subject matters to grow the skills and experience of our people.

As part of our ongoing development of driver engagement and Driver Certificate of Professional Competence (CPC) training, the Group entered into a partnership with a provider of driver CPC training, which will be delivered through our internal driver training team. This will ensure consistency across all our sites and enable the Group to incorporate specific modules into the CPC training which are aligned with the Group business objectives.

Leadership and Management

In 2020 we designed a Management Development Programme. Phase 1 is a set of 14 modules with the aim of providing our managers of people with the skill set to develop their line management capabilities resulting in a consistent approach to managing our people across the Group.

In order to build on our 'family of families' culture, the Group's mission, vision, values and strategic 3-year plan were delivered to our senior leadership team to encourage collaboration across the Group with collective objectives. This ethos will be disseminated throughout the Group with the introduction of a performance development programme focusing on continuous meaningful conversations and performance development reviews.

Recruitment

Throughout the Kinaxia group, we continue to drive and improve our recruitment activities and standards to ensure we have the right people in positions across operations nationwide. This recruitment process drives the levels of increased staff engagement and ensures the successful delivery of our internal values "Safe, Talented, Attentive, Reliable."

To ensure our recruitment goals are achieved, we have a robust process in place, led by our own internal recruitment department, which focuses on recruiting individuals with both the relevant skill set and competencies required to maintain our high levels of customer service. This department covers the advertising, attraction, engagement and hiring to ensure a strong pipeline of candidates is achieved for all vacancies once they become live.

This process is driven by close working relationships with all Kinaxia management and hiring teams throughout the UK. Internal recruitment works closely with all new hires to ensure that the Kinaxia Group Onboarding Process is followed to give all new starters the best possible start to working life within the Kinaxia group. Additionally, our recruitment teams attend several events annually to gain stronger market awareness of the Kinaxia family and brands. This includes a number of regional Truckfest events. Sadly, this has not proved possible throughout 2020 due to the restrictions in line with Covid-19 but a number of online events have been possible. A top-down review of recruitment operations and best practice took place in 2021 to ensure our candidate engagement remains at the leading edge of the recruitment market.

Employee Engagement

Communication is a key factor within employee engagement. Due to the difficulties that the country faced in 2020, with the geographical disbursement of the companies, many of our people being on furlough leave or working from home, and the general requirements of social distancing, communication became a key focus for the Group to ensure we continued to engage with our people throughout this period. It was imperative for the Group that the information being delivered was open and transparent regarding the challenges we were facing. We introduced weekly bulletins and monthly videos from the CEO updating our people on the Group's challenges and the action that was being taken to ensure business continuity.

During 2020 we entered into a partnership with a charity who support organisations to improve their workforce's mental health. The implementation of a mental health programme supported by this partnership will be a key focus for 2021 as part of the Group's health and wellbeing programme, with the aim of introducing a culture of mental health awareness.

The Group's aim is to be an employer of choice. In order to achieve this goal it is imperative that our people are given a voice to share their views and opinions. As a result we issued an Employee Engagement Survey this year, the results of which will be the focus areas of continuous improvement for the Group in 2021.

Our Apprenticeship Programme

In 2020 the Group created a Kinaxia Apprenticeship Programme. This included a new apprenticeship career page on our Kinaxia Logistics website, creating working partnerships with apprenticeship providers and recruiters, and attending local recruitment fairs. The focus for 2021 will be to embed this programme into the Group and growing the programme, focusing on delivering apprenticeships that align with our skill gaps. As part of our commitment to developing opportunities for the younger generation and encouraging a career in logistics, the Group became a sponsor of NOVUS which is an industry led initiative to support students through university. This aligns with the Group's focus on strengthening our talent pool and succession planning through introducing new talent into the business and developing our existing colleagues by participating in initiatives to support the NOVUS programme.

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Kinaxia Logistics Directors


Graham Norfolk


Dr Peter Fields


Ben Warrillow


Barry Germany


Simon Hobbs

Graham Norfolk ACA, *Director*

Graham is a shareholder and founder of Kinaxia Ltd. He is a Chartered Accountant and currently runs his own investment company, Acorn Capital Partners Ltd. Previously he was a partner of BDO.

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.

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.

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 has responsibility for financial reporting and statutory compliance 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 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.

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.

Simon Hobbs, *CEO*

Simon joined the Kinaxia Board in January 2020 as Group CEO. Simon has extensive experience in transport and warehousing having held large Divisional leadership roles for such organisations as DHL Supply Chain, CEVA Logistics and Kuehne-Nagel. He has a proven track record of growing businesses and creating successful teams.

Simon has a transport degree from Loughborough University and an MBA in Supply Chain Management from Cardiff University.

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Fleet report 2020

2020 started with a continuation of the investment in the fleet and continuous re-assessment of the fleet's standard specifications, supporting the investment in new equipment with nearly 100 new vehicles and trailers added to our extensive equipment portfolio.

We continue to standardise, adapt, and roll-out the policies and programs that started in previous years with an eye on ensuring relevance to today's dynamic business.

Due to the pandemic, we also saw an acceleration in removing our end of life or inefficient vehicles and the reallocation of surplus resources within the group. The new vehicles brought into the fleet increased the percentage of Euro 6 from 72% to 79%.

We continue to analyse the Kinaxia fleet to drive efficiencies into all aspects of the fleet, allowing standard metrics to evaluate every part of the fleet's performance.

2021 and Beyond

- To roll out the fully integrated Asset management and Workshop system across the group. This system, along with other strategies presently employed and targeted staff training, will allow scrutinising and reporting on all expenditure to allow the targeted and planned investment of equipment in the future.
- To understand and realise Kinaxia's part in the Government "Net Zero" ambition, to support the manufacturers in the form of "on-road trials" of new technology that will give the operators the confidence to transition.

Fleet Report

Vehicles in fleet **882**

Trailers **1,176**

Workshops **7**

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Technology and systems 2020

Considerable progress has been made towards ensuring the latest technology infrastructure standards have been deployed to all Group operating companies.

This has resulted in a common group-wide infrastructure and IT services platform enabling a consistent support model and providing the foundation in advance of migrating to a strategic cloud-based service.

The existing data centre platform has been re-designed to improve systems performance and with continued technology investment this has driven further improvements in secure operating platforms, enhanced governance, and standardised consistent IT operating processes within the Group.

Preparations are now well-developed to deliver the strategic technology vision to a more flexible, agile and resilient cloud-based infrastructure platform whilst retaining a consistent group-wide business-focused IT Support service proposition.

IT Support will be delivered in a consistent way to all the companies within Group.

Further investment has been made in a centralised service desk application solution. This will not only provide IT incident and service requests but will also be used as a 'signpost' for all colleagues to highlight best practice and processes.
It is also planned that other central support functions will provide support and guidance to colleagues using the same consistent mechanism thus providing a 'one-stop' shop in all queries and sharing information.

IT Security remains pivotal to all our business operations and to enhance our colleague's awareness and knowledge, a group-wide security awareness programme will be launched in 2021.

There has been continued process and system standardisation in the use of Transport Management Systems and this has resulted in the development of a Kinaxia 'blueprint' process operating model.

The KLINK hub operation at Panic Transport pioneered the new application configuration and processes and has now become the reference point for other depot companies within Kinaxia.

The Group's strategic WMS application solutions, Dispatcher and Descartes (the latter for customs and bonded operations) continue to be implemented in both new and existing warehouses in the Group. A secure file integration EDI platform enables Kinaxia to meet and satisfy a wide range of customer integration needs from the simple to extremely complex.

To drive further benefits from the existing investment in a diverse range of application solutions, a business analytical reporting platform has been launched to support the key business KPIs. The platform will provide key metrics in transport, warehousing, finance, CRM, driver and fleet operations.

Group finance director report

During 2020 the group made progress whilst addressing the challenges that Covid-19 brought to the business.

During 2020 the group made progress whilst addressing the challenges that Covid-19 brought to the business. Revenue was 0.5% up on a statutory basis for the year despite the significant impact on customer activity and revenue during the first lockdown which affected revenues heavily in April and May 2020.

A key change to the statutory results in the year ended December 2019 was the transition to IFRS 16 reporting which affected the reporting of property, vehicle and equipment leases. In prior years the costs under these operating leases were expensed in the profit and loss account. Since 1 January 2019 these assets have been capitalised as right of use assets and amortised through the profit and loss account. Within the balance sheet this has also created a lease liability which attracts interest also charged to the profit and loss account.

Within these statements, unless stated otherwise, both years are reported under IFRS 16 to aid comparisons. Further details of the IFRS 16 treatment are shown in note 21 to the financial statements.

Revenue

	2020	2019	Change
	£	£	%
General haulage	111,974,171	111,921,432	0.0%
Linehaul	31,352,187	30,097,048	4.2%
Warehousing	26,960,661	27,319,573	-1.3%
Workshop	465,883	637,680	-26.9%
Total Revenue	170,752,902	169,975,733	0.5%

Revenue for the year ending December 2020 increased by 0.5% or £777,169. This increase reflects the full year trading impact of the 2019 acquisition of David Hathaway Transport Ltd which was acquired 30 April 2019. Excluding the David Hathaway acquisition, like for like revenues reduced by 3% reflecting the impact of the Covid-19 lockdowns particularly in the first half of 2020. Linehaul revenue was up 4.2% from £30,097,048 in 2019 to £31,352,187 in 2020 reflecting the increased demand for B2C services through parcel networks during the pandemic period. Warehousing revenues reduced during the year ended 2020 due to customer changes which temporarily left unutilised capacity.

Gross Margin, EBITDA and EBITDA %

	2020	2019	Change
	£	£	%
Revenue	170,752,902	169,975,733	0.5%
Cost of sales	(123,293,146)	(127,954,635)	-3.6%
Gross profit	47,459,756	42,021,098	12.9%
Gross margin	27.8%	24.7%	12.4%
Administrative expenses	(39,566,661)	(35,353,446)	11.9%
Other operating income	3,398,977	130,047	2613.6%
Operating profit (EBIT)	11,292,072	6,797,699	66.8%
EBIT%	6.6%	4.0%	66.0%
EBITDA	29,009,902	21,583,926	34.4%
EBITDA%	16.9%	12.7%	35.0%

Gross margin of 27.8% was a 12.4% improvement over the prior year of 24.7%. Operating profit (Earnings before tax and interest) was 6.6% compared to 4.0% the previous year and EBITDA (Earnings before interest, tax and amortisation) was 16.9%.

During the year ending December 2020 Gross profit and EBIT benefited from a £16.56m gains on disposal of property. There was no similar benefit in the year ended December 2019.

EBITDA for the year was £29,009,902, this was impacted positively by a IFRS16 lease benefit of £10.3m but also adversely affected by an IFRS16 sale and lease back adjustment of £10.3m. Prior year EBITDA of £21.5m was positively impacted by an IFRS16 lease benefit of £7.4m.

During the year the group made use of the UK Government furlough payments receiving £3,267,154 from the Coronavirus Job Retention Scheme.

Cash

Operating cash flow before working capital movements increased by 19% year on year, reflecting improvements at operating margin level despite the challenging trading conditions as a result of Covid 19. Net cash flows from investment activities reduced year on year because of the acquisition in 2019 of David Hathaway Holdings Limited, whereas there were no acquisitions during the year ended 2020 and because of sale proceeds from a successful property sale and lease back programme. Net cash flow from financing activities reduced significantly year on year by 198% because the repayment of £21,600,000 of loans.

The year end cash balance was strong at £21,364,105 boosted by VAT deferrals under the HMRCs VAT payments deferral scheme and some other smaller agreed Covid related deferrals.

	2020	2019	Change
	£	£	%
Operating cash flows	24,815,169	20,929,341	19%
Net change in working capital	4,430,662	9,392,666	- 53%
Tax received / (Paid)	(357,319)	(563,138)	- 37%
Net cash generated from operating activities	28,888,512	29,758,869	- 3%
Net cash flows from investment activities	(7,919,733)	(37,722,298)	- 79%
Net cash flows from financing activities	(11,961,308)	12,271,494	-197%
Net increase in cash and cash equivalents	9,007,471	4,308,065	109%

Net assets

During the year ended December 2020, net assets increased by £158k to £12.54m after an adverse IFRS16 adjustment of £14.3m as at the end of December 2020.

Financing costs

Financing costs increases from £8,708k in 2019 to £9,734k in the year ended 2020. The bulk of this was made up of bank loan interest costs of £5,815k (2019: £5,819k). The year on year increase of £1,026 was largely driven by increases on IFRS16 interest on new lease liabilities entered into during 2020.

Net debt

	2020	2019	Change
	£	£	%
Cash	21,364,804	12,357,333	73%
Loans	(62,306,620)	(81,446,814)	-24%
Hire purchase	(16,081,922)	(21,656,676)	-26%
Invoice discounting facilities	(13,475,102)	(14,261,435)	-33%
Total net debt (Pre IFRS 16)	**(70,498,840)**	**(105,007,592)**	**-33%**

Net debt on a pre IFRS 16 basis reduced significantly by £34,508,752 or 33% as a result of a successful sale and lease back property programme.

The property sale and lease back programme completed in January 2020 resulted in the disposal of £9,430k of freehold property assets for £25,936k sale proceeds. These sale proceeds were used to repay £21,600k of bank loans.

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Principal risks and uncertainties

Financial Instruments

The Group's principal financial instruments comprise bank balances, invoice discounting facilities, trade creditors, trade debtors, right-to-use assets and lease liabilities, 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

The Covid-19 Pandemic continued to present business challenges during 2020 and 2021.

The Group and its directors have taken measures to monitor and mitigate the effects of the virus to ensure that we provide a safe and secure environment for our employees and also minimise the impact on the business. We will continue to follow and comply with Government guidance and advice to ensure the safety of our people whilst maintaining clear focus on delivering the strategic plans of the Group.

The impact of Brexit regarding Britain's withdrawal from the EU continues to be monitored. The Group's approach to managing this risk is to monitor trading patterns from customers affected and continue to assess t he impact on our cost base.

The challenges presented by the labour market in respect of the UK shortage of drivers within the sector continues to be monitored. The Group's approach to managing this risk is to monitor and respond to changes in labour rates and continue to assess the impact on our cost base. We will also ensure these are actively reflected in our customer pricing arrangements. 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.

Business liquidity runs in parallel with margins and is closely monitored through both debtor and creditor management. Other financial KPI's 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:

	2020	2019
	£	£
Revenue	170,752,902	169,975,733
Gross Margin	27.85%	24.7%
EBITDA	29,009,902	21,583,926

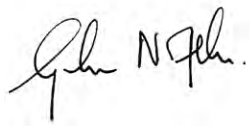
Other key performance indicators

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

- MOT pass rates
- Employee workforce management
- Health & Safety Compliance

Local measurement of these KPIs is in place to ensure that targets are met.

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



G R Norfolk
Director
Date: 17th December 2021

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Directors' report

The directors present their report and the financial statements for the year ended 31 December 2020. 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 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 £157,317. (2019: Loss after tax of £1,937,376) The directors do not recommend the payment of a final dividend (2019: £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.

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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' Reports 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 of 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 February 2021 the Group successfully completed a sale and leaseback transaction on two freehold property sites across the UK. At the same time the Group also successfully completed the disposal of David Hathaway Holdings Limited and its subsidiary David Hathaway Properties Limited which owned two further freehold sites within the UK and entered into property operating leases for these two sites. This enabled the repayment of £23.0 million of term debt to significantly reduce its Loan Facility with Permira Debt Managers.

The impact of Covid-19 and Brexit has continued to affect customers and our revenues during the year and the availability of drivers has become more challenging post year end.

During 2021 the Group initiated a refinancing programme to enable repayment of its remaining term loan with Permira Debt Managers to enable future long term funding to be put in place. This programme remains ongoing. In December 2021 the maturity of the bank loan from Permira was extended to 31 December 2022.

Going Concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis of which the directors have reached their conclusion.

The group has net current liabilities of £7,386,928 (2019: £8,593,741) at 31 December 2020.

In line with all businesses, the Covid-19 virus outbreak has had a significant impact on the Group. Whilst the Group continued to operate, there has been significant impact on customers which has resulted in downturns in volumes and activity throughout 2020 and 2021. However, our agility and the combination of central control with local subsidiary autonomy has resulted in significant cost reductions through good operational grip, and we have been able to maintain positive cumulative EBITDA positions during the crisis. Under the now complete central management team, this has been effectively controlled and the group intends to pursue permanent efficiency improvements as a result.

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 three years ending 31 December 2023, incorporating a detailed income statement and cash flow analysis. The Directors have assessed the funding requirements of the Group and the Company and compared them to the banking facilities and arrangements available.

Throughout the year, the business has been able to meet all of its cash requirements from operating cash flows. The Group entered into a facility agreement in 2015 for £25m with further drawdowns in 2017, 2018 and 2019 so that the total facility is £76.1m. The outstanding amounts on this facility were due for repayment on 15 March 2022 however these facilities have now been extended to the end of December 2022. The amount outstanding in relation to these facilities at 31 December 2020 is £62.3m. Following the successful sale and leaseback of Group properties in February 2021, the Group repaid £23m of the facilities and as a result the amount outstanding on the facilities at the date of approving these financial statements is £39.3m.

The Directors believe it is appropriate therefore to prepare the financial statements to 31 December 2020 on a going concern basis.

Directors' statement of compliance with duty to promote the success of the Group

The Companies Act 2006 (CA2006) sets out a number of general duties which Directors owe to the Company and Group. New legislation has been introduced to help stakeholders better understand how the Directors have discharged their duty to promote the success of the Company and Group, while having regard to the matters set out in section 172(1)(a) to (f) of the CA2006 (s172 factors). In 2020 the Directors continued to exercise all their duties, while having regard to these and other factors as they reviewed and considered proposals from senior management and governed the Company on behalf of it's shareholders.

Whilst the directors have ultimate responsibility, Kinaxia Limited is run by the Group Directors and the Managing Directors of the operating subsidiaries who meet regularly to review and monitor the business performance of individual subsidiaries and the Group. It is the job of the local management teams to form relationships with business partners and engage with customers and key suppliers through a variety of channels. Knowledge gained from these interactions is then used to guide the decisions of individual businesses and shared to enhance and improve the long term reputation and profitability of the Group. Shareholder value remains at the core of all strategic decision making.

Employee communication is also made formally and informally on regular basis through noticeboards and a variety of other means. In the community, each individual subsidiary continually employs local skills and supports a variety of local causes.

Auditors

The auditors, Hurst Accountants Limited, 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: 17th December 2021

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 2020 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) 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 United Kingdom 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 parent Company's affairs as at 31 December 2020 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 parent Company financial statements have been properly prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and 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 Company 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and the parent Company's ability to continue to adopt the going concern basis of accounting included:

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

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Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Director's Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 38, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector in which the company operates; the control environment and business performance including key drivers for directors' remuneration, bonus levels and performance targets.
- The outcome of enquiries of local management and parent company management, including whether management was aware of any instances of non-compliance with laws and regulations, and whether management had knowledge of any actual, suspected, or alleged fraud.
- Supporting documentation relating to the Company's policies and procedures for:
- Identifying, evaluating, and complying with laws and regulations.
- Detecting and responding to the risks of fraud.
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- The outcome of discussions amongst the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- The legal and regulatory framework in which the Company operates, particularly those laws and regulations which have a direct effect on the financial statements, such as the Companies Act 2006, pensions and tax legislation, or which had a fundamental effect on the operations of the Company, including General Data Protection requirements, Anti-bribery and Corruption, Coronavirus Job Retention Scheme, Goods Vehicle (Licensing of Operators) Act, and the Vehicle Drivers Regulations.

Audit response to risks identified

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statements disclosures and testing to supporting documentation to assess compliance with the provisions of those relevant laws and regulations which have a direct effect on the financial statements.
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities.
- Enquiring of management about any actual and potential litigation and claims.
- Performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of material misstatement due to fraud.
- Carrying out substantive testing to confirm the validity and accuracy of 'furlough' claims.

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We have also considered the risk of fraud through management override of controls by:

- Testing the appropriateness of journal entries and other adjustments.
- Challenging assumptions made by management in their significant accounting estimates, and assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of them. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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/auditors responsibilities. This description forms part of our auditor' report.

Hurst Accountants Limited

Helen Besant Roberts, Senior statutory auditor
Date: 17th December 2021

For and on behalf of
Hurst Accountants Limited
Chartered Accountants and Statutory Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD

Consolidated statement of comprehensive income

For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Continuing operations			
Revenue	5	**170,752,902**	169,975,733
Cost of sales		**(123,293,146)**	(127,954,635)
Gross profit		**47,459,756**	42,021,098
Administrative expenses		**(39,566,661)**	(35,353,446)
Other operating income	6	**3,398,977**	130,047
Profit from operating activities	7	**11,292,072**	6,797,699
Income from fixed asset investments	9	**14,650**	22,291
Finance costs	10	**(9,733,593)**	(8,708,225)
Finance income	10	**2,667**	62,676
Profit/(Loss) for the financial year before taxation		**1,575,796**	(1,825,559)
Tax (expense)	12	**(1,418,479)**	(111,817)
Profit/(Loss) and total comprehensive income for the financial year attributable to the equity holders		**157,317**	(1,937,376)

The accompanying notes form part of these financial statements.

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Consolidated balance sheet

As at 31 December 2020 Registered number: 07466536

	Note	2020 £	2019 £
Assets			
Non-current assets			
Intangible assets	14	**51,052,320**	51,052,320
Property, plant and equipment	15	**28,609,325**	36,521,306
Right-of-use assets	21	**70,261,593**	52,581,798
Investments	13	**319,519**	319,519
Total non-current assets		**150,242,757**	140,474,943
Current assets			
Inventories	16	**519,388**	422,894
Trade and other receivables	17	**38,284,229**	39,026,605
Cash and cash equivalents	18	**21,364,804**	12,357,333
Total current assets		**60,168,421**	51,806,832
Total assets		**210,411,178**	192,281,775
Liabilities			
Current liabilities			
Borrowings	20	**13,532,013**	14,315,743
Trade and other payables	19	**36,728,723**	31,604,210
Lease liabilities	21	**17,294,613**	14,480,620
Total current liabilities		**67,555,349**	60,400,573
Borrowings	20	**62,249,010**	81,392,506
Trade and other payables	19	**1,408,511**	1,479,633
Lease liabilities	21	**65,631,762**	35,392,383
Provisions	23	**147,081**	147,081
Deferred tax	12	**879,211**	1,086,662
Total non-current liabilities		**130,315,575**	119,498,265
Total liabilities		**197,870,924**	179,898,838
Net assets		**12,540,254**	12,382,937
Equity			
Share capital	22	**242**	242
Share premium		**11,841,036**	11,841,036
Revaluation reserve		**484,000**	484,000
Retained earnings		**214,976**	57,659
Total equity attributable to the owners of the Company		**12,540,254**	12,382,937

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: 17th December 2021

Consolidated statement of changes in shareholders' equity

For the Year Ended 31 December 2020

	Note	Share Capital £	Share Premium Reserve £	Revaluation Reserve £	Retained Earnings £	Total Equity £
Group						
At 31 December 2018		**236**	**9,291,042**	**484,000**	**3,538,307**	**13,313,585**
Effect of adoption of IFRS 16	28	-	-	-	(1,543,272)	(1,543,272)
At 1 January 2019		**236**	**9,921,042**	**484,000**	**1,995,035**	**11,770,313**
(Loss) for the year		-	-	-	(1,937,376)	(1,937,376)
Total comprehensive income		**-**	**-**	**-**	**(1,937,376)**	**(1,937,376)**
Transactions with owners						
Issue of share capital		6	2,549,994		-	2,550,000
At 31 December 2019		**242**	**11,841,036**	**484,000**	**57,659**	**12,382,937**
Profit for the year		-	-	-	157,317	157,317
Total comprehensive income		-	-	-	**157,317**	**12,540,254**
At 31 December 2020		**242**	**11,841,036**	**484,000**	**214,976**	**12,540,254**

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Consolidated cash flow statement

For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
(Loss)/profit for the year		**157,317**	(1,937,376)
Adjustments for:			
Depreciation of property, plant and equipment	15	**3,141,322**	3,170,811
Amortisation of right-of-use assets	21	**14,561,858**	11,615,425
Profit on disposal of tangible assets	15, 21	**(4,180,083)**	(268,469)
Decrease in provisions		**-**	(386,125)
Interest payable	10	**9,733,593**	8,708,225
Finance income	10	**(2,667)**	(62,676)
Dividend received from unlisted investment	9	**(14,650)**	(22,291)
Tax expense	12	**1,418,479**	111,817
Operating cash flows before movements in working capital		**24,815,169**	20,929,341
Decrease/ (Increase) in inventories		**(96,494)**	(81,152)
Decrease in trade and other receivables		**3,784,780**	4,644,481
Increase in trade and other payables		**742,376**	4,667,033
Cash generated by operations		**29,245,831**	30,322,007
Income tax (paid)		**(357,319)**	(563,138)
Net cash generated from operating activities		**28,888,512**	29,758,869
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		**-**	(18,814,122)
Purchase of right of use assets	21	**(30,712,410)**	(15,053,395)
Acquisition of property, plant and equipment	15	**(3,140,834)**	(3,360,315)
Proceeds from disposal of fixed assets		**29,741,313**	1,454,694
Interest received		**2,667**	62,676
Lease interest paid	21	**(3,825,119)**	(2,034,127)
Dividends received		**14,650**	22,291
Net cash used in investing activities		**(7,919,733)**	(37,722,298)
Cash flows from financing activities			
New bank loans raised		**-**	14,500,000
New borrowings raised		**1,672,774**	3,784,429
New leases	21	**30,712,410**	15,053,396
Interest paid on borrowings		**(5,908,474)**	(6,674,098)
Repayment of bank borrowings		**(21,600,000)**	-
Repayments of bank borrowings	21	**(16,838,018)**	(14,392,233)
Net cash used in financing activities		**(11,961,308)**	12,271,494
Net increase in cash and cash equivalents		**9,007,471**	4,308,065
Cash and cash equivalents at 1 January 2020		**12,357,333**	8,049,268
Cash and cash equivalents at 31 December 2020		**21,364,804**	12,357,333

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Notes to the financial statements

For the Year Ended 31 December 2020

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 logistics services.

The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2020 and the comparative year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group").

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 2020 were authorised for issue by the board of directors on 17th December 2021 and the Group 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.

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.

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

Going Concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis of which the directors have reached their conclusion.

The group has net current liabilities of £7,386,928 (2019: £8,593,741) at 31 December 2020.

In line with all businesses, the Covid-19 virus outbreak has had a significant impact on the Group. Whilst the Group continued to operate, there has been significant impact on customers which has resulted in downturns in volumes and activity throughout 2020 and 2021. However, our agility and the combination of central control with local subsidiary autonomy has resulted in significant cost reductions through good operational grip, and we have been able to maintain positive cumulative EBITDA positions during the crisis. Under the now complete central management team, this has been effectively controlled and the group intends to pursue permanent efficiency improvements as a result.

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 three years ending 31 December 2023, incorporating a detailed income statement and cash flow analysis. The Directors have assessed the funding requirements of the Group and the Company and compared them to the banking facilities and arrangements available.

Throughout the year, the business has been able to meet all of its cash requirements from operating cash flows. The Group entered into a facility agreement in 2015 for £25m with further drawdowns in 2017, 2018 and 2019 so that the total facility is £76.1m. The outstanding amounts on this facility were due for repayment on 15 March 2022 however these facilities have now been extended to the end of December 2022. The amount outstanding in relation to these facilities at 31 December 2020 is £62.3m. Following the successful sale and leaseback of Group properties in February 2021, the Group repaid £23m of the facilities and as a result the amount outstanding on the facilities at the date of approving these financial statements is £39.3m.

The Directors believe it is appropriate therefore to prepare the financial statements to 31 December 2020 on a going concern basis.

Basis of Consolidation

The Group's financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 December 2020. Subsidiaries, which are entities controlled by the Group, 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.

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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 intra-Group 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. 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.

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Board of Directors to assess performance and allocate capital or resources. 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.

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales with the Group. The Group recognises revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity.

Performance obligations and timing of revenue recognition

The majority of the Group's revenue is derived from services rendered with revenue recognised at the point when the service is delivered, and the Group has performed its contractual obligations. Invoicing varies by contract but is typically in line with the work performed.

Determining the transaction price

The majority of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. No element of financing is deemed present because revenue is made with credit terms which are consistent with industry practice.

Allocating amounts to performance obligations

The majority of the Group's revenue is derived from fixed price contracts and therefore this is no judgement in allocating the contract price

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.

Government Grants

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

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.

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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 measured at cost less accumulated depreciation and any recognised impairment losses.

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.

Items of property, plant and equipment are depreciated from the date that they are available for use. 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 - Straight line – over 50 years
- Plant and machinery - Straight line – 15% reducing balance
- Motor vehicles - Straight line – 25% reducing balance
- Fixtures and fittings - Straight line – 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

The accounting policy for leases and right of use assets is set out in note 21.

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). There are no material adjustments required to be made to the Group's consolidated financial statements as a result.

Management has concluded that there are no material adjustments required to be made to the Group's consolidated financial statements as a result of the following changes to International Financial Reporting Standards:

- Amendments to IFRS 16 - (COVID-19-Related Rent Concessions);
- Amendments to IFRS 3 - (Business combinations – definition of a business);
- IAS 1 Presentation of Financial Statements;
- IAS 8 Accounting Policies, Changes in Accounts Estimates and Errors and;
- Revisions to the Conceptual Framework for Financial Reporting. 3.

The following standards and interpretations to published standards are not yet effective:

New standard or interpretation	EU Endorsement status	Mandatory effective date (period beginning)
Amendments to IAS 37 (Onerous contracts)- the cost of fulfilling a contract	EU endorsed	1 January 2020
Amendments to IAS 16 (Property, plant and equipment) - proceeds before intended use	EU endorsed	1 January 2020
Amendments to IFRS 1 (First time adoption of IFRS), IFRS 9, and IFRS 16 - Annual improvements to IFRS 2018-2020	EU endorsed	1 January 2020
Amendments to IFRS 3 - References to conceptual framework	EU endorsed	1 January 2020
Interest Rate Benchmark Reform – IBOR 'phase 2' (amendments to IFRS 7, IFRS 9 and IAS 39)	EU endorsed	1 January 2020
Amendments to IAS 1 (Presentation of financial statements) - clarity on when liabilities should be classified as current or non-current.	EU endorsed	1 January 2023

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In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

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.

The above standards have been endorsed by the European Union. For the accounting period beginning 1 January 2021, the Group will report under International Financial Reporting Standards as adopted by the United Kingdom, which are anticipated to be identical to those standards adopted by the European Union.

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 reviews the useful economic lives and residual values attributed to assets on an ongoing basis to ensure they are appropriate and performs 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).

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. As at 31 December 2020 the Group has provisions relating to dilapidation costs of £147,801 *(2019: £147,081)*.

Incremental borrowing rate (IFRS 16)

In accordance with IFRS 16, lease liabilities on the balance sheet are measured at the present value of future lease payments, which are discounting using the incremental borrowing rate. Estimation is required when determining the incremental borrowing rate, the calculation of which is based on the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset. The basis of the calculation was the existing external borrowings held by the Group, which were adjusted to reflect the terms of the leases held by the Group.

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
- Invoice discounting facilities

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 £310,000 for the year ended 31 December 2020 (2019: £345,000).

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, retained earnings and borrowing facilities.

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. The Group has also secured finance facilities that contain sufficient headroom to allow for business growth in the event that market volumes significantly change, or increased turnover is obtained through organic growth or acquisition.

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 FROM CONTRACTS WITH CUSTOMERS

The Group has four main revenue streams:

- Haulage – representing general transport and haulage services
- Trunking – representing provision of trunking services for certain customers using regular routes
- Warehousing – representing provision of warehousing services
- Workshop– representing provision of workshop and vehicle repair services.

All revenue arose within the United Kingdom and relates to the principal activity of the Group. Therefore the group considers that it operates in one geographical segment.

Revenues

The Group operates entirely in the United Kingdom and therefore a disaggregation on a geographical basis is not provided. Revenue has been disaggregated based on services provided.

	2020 £	2019 £
General haulage and distribution	**111,974,171**	111,921,432
Linehaul	**31,352,187**	30,097,048
Warehousing	**26,960,661**	27,319,573
Workshop	**465,883**	637,680
	170,752,902	169,975,733

Contract balances

Details of contract balance assets and liabilities are shown on trade receivables and trade payables (see notes 17 and 19).

6. OTHER OPERATING INCOME

	2020 £	2019 £
Other operating income	**131,823**	130,047
Government Grants receivable	**3,267,154**	-
	3,398,977	130,047

Other operating income arises mainly from rental income of surplus property space. Government grants receivable relate to the Coronavirus Job Retention Scheme.

7. PROFIT FROM OPERATING ACTIVITIES

	2020 £	2019 £
This is stated after charging/(crediting) the following		
Employee benefit costs (note 11)	**56,528,801**	54,824,423
Cost of inventories recognised as expense	**13,588,234**	13,458,004
Foreign exchange loss/(gain)	**(480)**	4,042
Defined contribution scheme (note 11)	**1,524,338**	1,276,109
Depreciation of property, plant and equipment	**3,141,322**	3,170,810
Amortisation of right of use assets (note 21)	**14,561,858**	11,615,425
Gain on disposal of property, plant and equipment	**(4,180,083)**	(268,469)

8. AUDITOR'S REMUNERATION

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**131,750**	139,120
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	**24,978**	15,650
All other services	**21,947**	56,925
	46,925	72,575

Auditors' fees for the company were £4,000 (2019: £5,250).

9. INCOME FROM FIXED ASSET INVESTMENTS

	2020 £	2019 £
Dividends received from unlisted investments	**14,650**	22,291

10. FINANCE INCOME AND COSTS

	2020 £	2019 £
Interest expense:		
Bank borrowings	**5,815,063**	5,819,984
Interest expense on lease liabilities	**3,825,119**	2,034,127
Other loans	**93,411**	854,114
Finance cost	**9,733,593**	8,708,225
Finance income		
Bank interest receivable	**2,667**	62,676

11. EMPLOYEES AND DIRECTORS

	2020 No.	2019 No.
Average number of employees (including executive directors)		
Managerial and administrative	**401**	298
Drivers and warehouse	**1,378**	1,495
	1,779	1,793

	2020 £	2019 £
Staff costs for the Group during the year		
Wages and salaries	**52,333,871**	50,311,538
Social security costs	**4,194,930**	4,512,885
Other pension costs	**1,524,338**	1,276,109
Total remuneration	**58,053,139**	56,100,532

Directors' remuneration

During the year, 2 directors received emoluments from the Group totalling £63,735 (2019: £72,000). During the year, retirement benefits were accruing to no directors (2019: £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 including pension contributions was £2,029,917 (2019: £1,887,851).

12. TAXATION

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

	2020 £	2019 £
Current tax		
UK Corporation tax	**1,625,930**	84,396
Total current tax	**1,625,930**	84,396

12. TAXATION (continued)

	2020	2019
Deferred tax		
Reversal of timing differences	**(207,451)**	27,421
Total taxation for the financial year	**1,418,479**	111,817

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled as follows:

Reconciliation of taxation charge	2020 £	2019 £
Profit/(Loss) on ordinary activities before tax	**1,575,796**	(1,825,559)
Tax on profit/(loss) on ordinary activities at 19% standard rate of tax (2019: 19%)	**299,401**	(346,856)
Non-deductible expenses	**1,219**	49,190
Depreciation in excess of capital allowances	**(607,718)**	(39,206)
Dividends from UK companies	**(12,179)**	(4,193)
Other differences	**(1,441)**	(72,184)
Unrelieved losses carried forward	**-**	301,432
Utilisation of loss relief	**(301,454)**	-
Chargeable gains	**2,040,651**	-
Total taxation (credit)/charge	**1,418,479**	111,817

Deferred tax liability	2020 £	2019 £
At 1 January 2020	**1,086,662**	583,410
Arising on business combinations	**-**	475,831
Charge / (credit) to profit or loss	**(207,451)**	27,421
At 31 December 2020	**879,211**	1,086,662
Comprising:		
Accelerated capital allowances	**959,209**	1,138,302
Other timing differences	**(79,998)**	(51,640)
	879,211	1,086,662

The group has unutilised tax losses of £nil (2020: £1.6m).

Factors that may affect future tax expenses

The main rate of corporation tax is due to increase to 25% in the tax year commencing 1 April 2023 for companies where profits exceed £250,000. A tapered rate will be introduced for profits above £50,000 up to the £250,000 limit.

13. FIXED ASSET INVESTMENTS

Group	Unlisted investments	
	2020	2019
	£	£
Cost and net book value		
At 1 January 2020	**319,519**	258,417
On acquisition of subsidiaries	**-**	61,102
At 31 December 2020	**319,519**	319,519

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 2020	**51,052,320**
Additions	**-**
At 31 December 2020	**51,052,320**
Accumulated amortisation and impairment	
At 1 January 2020	-
Impairment losses	-
At 31 December 2020	-
Net book value	
At 31 December 2020	**51,052,320**
31 December 2019	51,052,320

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14. INTANGIBLE ASSETS (continued)

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

	2020	2019
	£	£
William Kirk Limited	**37,774**	37,774
Bay Freight Limited	**2,599,148**	2,599,148
N C Cammack & Son Limited	**717,398**	717,398
Foulger Transport Limited	**5,549,111**	5,549,111
Lambert Brothers Haulage Limited	**5,488,127**	5,488,127
Panic Transport (Contracts) Limited	**6,659,790**	6,659,790
A J Maiden & Son Limited	**1,914,686**	1,914,686
Mark Thompson Transport Limited	**7,891,172**	7,891,172
AKW Group Limited	**14,109,014**	14,109,014
Fresh Freight Limited	**1,132,861**	1,132,861
David Hathaway Holdings Limited	**4,953,239**	4,953,239
	51,052,320	51,052,320

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.

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15. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Group					
Cost					
At 1 January 2019	17,122,149	4,795,345	28,457,592	2,001,454	52,376,540
Reclassification due to IFRS 16	-	(2,375,407)	(19,960,645)	(322,927)	(22,658,979)
Acquired with subsidiaries	8,350,000	892,233	13,414	174,937	8,130,584
Additions	119,778	1,159,376	1,320,184	760,977	3,360,315
Disposals	-	-	(2,131,839)	(209,282)	(2,341,121)
At 1 January 2020	**25,591,927**	**4,471,547**	**7,698,706**	**2,405,159**	**40,167,339**
Transfer from right of use assets	-	1,386,545	3,410,348	-	4,796,893
Additions	168,317	688,017	1,223,673	1,060,827	3,140,834
Disposals	(9,430,772)	(184,140)	(3,121,405)	(87,930)	(2,716,275)
At 31 December 2020	**16,329,472**	**6,361,969**	**9,211,322**	**3,378,056**	**35,280,819**
Depreciation					
At 1 January 2019 (as previously stated)	733,549	1,402,184	3,220,290	216,603	5,572,626
Reclassification due to IFRS 16	-	(972,953)	(1,222,687)	(185,488)	(2,381,128)
Charge in the year	350,456	959,170	1,539,566	321,618	3,170,810
Disposals	-	(282,664)	(2,337,854)	(95,757)	(2,716,275)
At 1 January 2020	**1,084,005**	**1,105,737**	**1,199,315**	**256,976**	**3,646,033**
Reclassification due to IFRS 16	-	821,887	2,112,617	-	2,934,504
Charge in the year	259,651	1,129,035	1,377,256	375,380	3,141,322
Disposals	-	(340,905)	(2,628,090)	(81,370)	(3,050,365)
At 31 December 2020	**1,343,656**	**2,715,754**	**2,061,098**	**550,986**	**6,671,494**
Net book value					
At 31 December 2020	**14,985,816**	**3,646,215**	**7,150,224**	**2,827,070**	**28,609,325**
At 31 December 2019	24,507,922	3,365,810	6,499,391	2,148,183	36,521,306

Assets arising from leases where the Group is a lessee have been accounted for under IFRS 16 and are held within Right-to-use assets (see note 21).

16. INVENTORIES

Group	2020 £	2019 £
Fuel, tyres and spares	**519,388**	422,894

There is no impairment provision in respect of inventories. Inventories represent the value of fuel, tyres and spares supplies as at 31 December 2020. 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	2020 £	2019 £
Current		
Trade receivables	**30,073,277**	31,095,356
Less: provision for impairment of trade receivables	**(56,946)**	(98,167)
	30,016,331	30,997,189
Other debtors	**1,223,113**	2,659,107
Prepayments and accrued income	**7,044,785**	5,370,309
	38,284,299	39,026,605

The fair value of trade and other receivables approximates to book value at 31 December 2020 and 2019.
The ageing of trade receivables and associated provision for impairment is detailed below:

Group	2020 Trade receivables £	2020 Provision for impairment £	2019 Trade receivables £	2019 Provision for impairment £
Current	**16,922,786**	**-**	14,966,049	-
Overdue less than 1 month	**10,417,144**	**-**	12,599,680	-
Overdue 1-2 months	**2,073,581**	**-**	2,911,520	-
Overdue more than 2 months	**659,766**	**(56,946)**	618,107	(98,167)
	30,073,277	**(56,946)**	31,095,356	(98,167)

There are no significant receivables included within this provision.

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17. TRADE AND OTHER RECEIVABLES (continued)

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

	2020 £	2019 £
At 1 January 2020	**(98,167)**	(78,636)
Receivable written off during the year as uncollected	**55,032**	85,157
Provision for amount considered at risk of non-collection	**(22,180)**	(120,541)
Release of provision following collection of items previously provided for	**8,369**	15,853
At 31 December 2020	**(56,946)**	(98,167)

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

Group	2020 £	2019 £
Cash at bank available on demand	**21,364,804**	**12,357,333**

19. TRADE AND OTHER PAYABLES

Group	2020 £	2019 £
Current		
Trade payables	**15,321,997**	15,586,253
Other taxes and social security	**13,413,972**	6,180,975
Corporation tax payable	**1,268,611**	-
Accruals and deferred income	**5,332,745**	7,862,714
Other payables	**1,391,398**	1,974,268
	36,728,723	31,604,210

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 45 days *(2019: 44 days)*.

The directors consider that the carrying amount of trade payables approximates to their fair value.

Group	2020 £	2019 £
Non-current		
Other payables	**1,408,511**	1,479,633

20. BORROWINGS

Group	2020 £	2019 £
Current		
Bank loans	**56,911**	54,308
Invoice discounting facilities	**13,475,102**	14,261,435
	13,532,013	14,315,743
Non-current		
Bank loans	**62,249,010**	81,392,506

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 (2018: £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%. In December 2021 the maturity of the loan was extended to 31st December 2022.

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 (2018: £92,281) were amortised through the Consolidated Statement of Comprehensive Income.

On 4 October 2018, the loan arrangements were amended and increased to £61,600,000. Additional arrangement fees of £878,889 were netted off against the amended loans. During the year, arrangement fees of £292,963 (2018: £43,944) were amortised through the Consolidated Statement of Comprehensive Income.

On 30 April 2019, the loan arrangements were further amended and increased to £76,100,000. Additional arrangement fees of £464,267 were netted off against the amended loans. During the year, arrangements fees of £116,358 were amortised through the Consolidated Statement of Comprehensive Income.

In January 2020, the Group successfully completed a sale and leaseback of three freehold property sites across the UK. This enabled the repayment of £21.6 million in term debt.

In February 2021, the Group successfully completed a sale and leaseback of four freehold property sites across the UK. This enabled the repayment of £23 million in term debt.

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

20. BORROWINGS (continued)

The maturity profile of the financial liabilities as at 31 December 2020 is set out below:

Group	2020 £	2019 £
Due within 1 year		
Bank loans	**56,911**	54,308
Invoice discounting facility	**13,475,102**	14,261,435
Due between 2 and 5 years		
Bank loans	**62,097,595**	81,177,257
Due after 5 years		
Bank loans	**151,415**	215,249
	75,781,023	95,708,249

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

21. LEASES

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- The amount expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that point.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the leases;
- initial direct costs incurred;
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

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21. LEASES (continued)

Right-of-use assets	Freehold property £	Plant, machinery and motor vehicles £	Total £
At 1 January 2019	19,664,064	26,568,803	46,232,867
Acquired with subsidiaries	2,458,976	2,013,362	4,472,338
Additions	-	15,053,395	15,053,395
Disposals	-	(1,561,377)	(1,561,377)
Amortisation	(3,763,208)	(7,852,217)	(11,615,425)
At 31 December 2019	**18,359,832**	**34,221,966**	**52,581,798**
At 1 January 2020	18,359,832	34,221,966	52,581,798
Additions	34,075,810	3,442,723	37,518,533
Disposals	-	(3,414,491)	(3,414,491)
Transfer to fixed assets	-	(1,862,389)	(1,862,389)
Amortisation	(6,224,348)	(8,337,510)	(14,561,858)
At 31 December 2020	**46,211,294**	**24,050,299**	**70,261,593**

Leases			
At 1 January 2019	20,911,915	24,176,966	45,088,881
Acquired with subsidiaries	2,722,621	1,400,338	4,122,959
Additions	-	15,053,396	15,053,396
Interests	953,635	1,080,492	2,034,127
Lease payments	(4,561,835)	(11,864,525)	(16,426,360)
At 31 December 2019	**20,026,336**	**29,846,667**	**49,873,003**
At 1 January 2020	20,026,336	29,846,667	49,873,003
Additions	46,448,667	3,442,723	49,891,390
Interests	2,968,866	856,253	3,825,119
Lease payments	(9,139,395)	(11,523,742)	(20,663,137)
At 31 December 2020	**60,304,474**	**22,621,901**	**82,926,375**

Leases	Within 1 year £	Due between 2 and 5 years £	Due after 5 years £	Total £
At 31 December 2020	**17,294,613**	**37,934,937**	**27,696,825**	**82,926,375**

22. SHARE CAPITAL

Group	2020 £	2019 £
Allotted, called up and fully paid		
4,961,748 Ordinary shares of £0.00001 each	**50**	50
9,000,000 Ordinary A shares of £0.00001 each	**90**	90
100 Ordinary B shares of £1 each	**100**	100
203,214 Ordinary C shares of £0.00001 each	**2**	2
	242	242

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.

23. PROVISIONS

Group	Dilapidations £
Non-current	
At 1 January 2020	**147,081**
Released in the year	**-**
At 31 December 2020	**147,081**

The Group has made a provision for the dilapidation costs relating to leased premises as stated in the lease agreements. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

24. RELATED PARTY TRANSACTIONS

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:

2020		Sales to related party £	Purchases from related party £	Balance owed by related party £	Balance owed to related party £
Acorn Capital Partners Limited	a	-	143,796	-	-
Mondil Limited	b	-	112,500	-	-
Motzab Limited	c	-	126,927	-	-
B&L Partnership Limited	c	-	226,800	-	-
Foulger Warehousing Limited	c	-	325,567	-	-
Cammack Properties Limited	d	2,247	58,396	436	14,800
Relocatable Buildings Limited	e	-	-	-	-
Partnerlink Limited	f	-	48,763	7,117	49,554

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24. RELATED PARTY TRANSACTIONS (continued)

2020		Sales to related party £	Purchases from related party £	Balance owed by related party £	Balance owed to related party £
Margaret Hall Limited	g	12,420	-	783	-
Lintz Green Farms Limited	h	152	-	83	-

2019		Sales to related party £	Purchases from related party £	Balance owed by related party £	Balance owed to related party £
Acorn Capital Partners Limited	a	-	120,000	-	-
Mondil Limited	b	-	120,000	-	24,000
Motzab Limited	c	-	130,000	-	-
B&L Partnership Limited	c	-	132,000	-	-
Foulger Warehousing Limited	c	-	402,926	-	14,551
Cammack Properties Limited	d	4,124	74,825	1,036	14,020
Relocatable Buildings Limited	e	-	5,627	-	-
Partnerlink Limited	f	149,134	101,108	20,544	49,554

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.

b) P Fields, a director, is also a director and shareholder of Mondil Limited.

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, 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. K N Johnson ceased to be a director of Panic Transport (Contracts) Limited on 31 July 2019.

f) Wholly owned subsidiary companies David Hathaway Transport Ltd and AKW Global Logistics are directors and shareholders of Partnerlink Limited.

g) G Norfolk and P Norfolk, directors, are also directors and shareholders of Margaret Hall Limited.

h) D Quigley, a director of Fresh Freight Limited, which is a wholly owned subsidiary of Kinaxia Limited, is also a director and shareholder of Lintz Green Farm Limited.

Key management personnel

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

25. COMMITMENTS

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 £1,524,338 *(2019: £1,276,109)*. Contributions totalling £362,723 *(2019: £271,971)* were payable to the fund at the balance sheet date.

Capital commitments

At 31 December 2020, the Group had capital commitments contracted for but not provided in these financial statements of £nil (2019: £nil).

26. POST BALANCE SHEET EVENTS

In February 2021, the Group entered into an agreement to sell two freehold properties owned by the group and enter into a 15 year lease to repurchase these. Proceeds of £25.9m were raised with £23m being used to repay existing external borrowings.

In February 2021, the Group disposed of their shareholding in David Hathaway Holdings Limited. Prior to this disposal, the shareholding in David Hathaway Transport Limited was transferred to Kinaxia Transport and Warehousing and remains part of the Group.

In December 2021the maturity of the bank loan from Permira was extended to 31 December 2022.

27. CONTROLLING PARTY

There is no overall controlling party.

28. NOTES SUPPORTING STATEMENT OF CASH FLOWS

	Non-current loans and borrowings £	Current loans and borrowings £	Total £
At 1 January 2019	76,187,792	18,945,532	95,133,324
Cash flows	16,907,997	1,257,521	18,165,518
IFRS 16 Lease adjustment	(11,703,283)	(5,887,310)	(17,590,593)
Non-cash flows	-	-	-
At 1 January 2020	81,392,506	14,315,743	95,708,249
Cash flows	(19,551,166)	(375,361)	(19,926,527)
IFRS 16 Lease adjustment	-	-	-
Non-cash flows	-	-	-
At 31 December 2020	**61,841,340**	**13,940,382**	**75,781,722**

Company balance sheet

As at 31 December 2020 Registered Number: 07466536

	Notes	2020 £	2019 £
Assets			
Non-current assets			
Investments	5	**8,714,365**	8,714,365
Total non-current assets		**8,714,365**	8,714,365
Current assets			
Trade and other receivables	6	**9,841,841**	9,876,830
Cash and cash equivalents	7	**32,876**	43,531
Total current assets		**9,874,717**	9,920,361
Liabilities			
Current liabilities			
Trade and other payables	8	**401,443**	410,332
Total current liabilities		**401,443**	410,332
Net current assets/(liabilities)		**9,473,274**	9,510,029
Net assets		**18,187,639**	18,224,394
Equity			
Share capital	9	**242**	242
Share premium		**11,841,036**	11,841,036
Retained earnings		**6,346,361**	6,383,116
Total equity attributable to the owners of the Company		**18,187,639**	18,224,394

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was £36,755 (2019: £304,216).

The financial statements on pages 77 to 85 were approved by the Board of Directors and were signed on its behalf by:

G R Norfolk, Director
Date: 17th December 2021

The accompanying notes form part of these financial statements.

Company statement of changes in shareholders' equity

For the Year Ended 31 December 2020

	Note	Called Up Share Capital	Share Premium reserve	Retained Earnings	Total Equity
		£	£	£	£
At 1 January 2019		236	9,291,042	6,687,332	15,978,610
Loss for the year		-	-	(304,216)	(304,216)
Issue of share capital	9	6	2,549,994	-	2,550,000
At 31 December 2019		**242**	**11,841,036**	**6,683,116**	**18,224,394**
Loss for the year		-	-	(36,755)	(36,755)
At 31 December 2019		**242**	**11,841,036**	**6,346,361**	**18,187,639**

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Notes to the company financial statements

For the Year Ended 31 December 2020

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 2020. 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;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7. This information is included in the consolidated financial statements.

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.

Going Concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis of which the directors have reached their conclusion.

The group has net current liabilities of £7,386,928 (2019: £8,593,741) at 31 December 2020.

In line with all businesses, the Covid-19 virus outbreak has had a significant impact on the Group. Whilst the Group continued to operate, there has been significant impact on customers which has resulted in downturns in volumes and activity throughout 2020 and 2021. However, our agility and the combination of central control with local subsidiary autonomy has resulted in significant cost reductions through good operational grip, and we have been able to maintain positive cumulative EBITDA positions during the crisis. Under the now complete central management team, this has been effectively controlled and the group intends to pursue permanent efficiency improvements as a result.

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 three years ending 31 December 2023, incorporating a detailed income statement and cash flow analysis. The Directors have assessed the funding requirements of the Group and the Company and compared them to the banking facilities and arrangements available.

Throughout the year, the business has been able to meet all of its cash requirements from operating cash flows. The Group entered into a facility agreement in 2015 for £25m with further drawdowns in 2017, 2018 and 2019 so that the total facility is £76.1m. The outstanding amounts on this facility were due for repayment on 15 March 2022 however these facilities have now been extended to the end of December 2022.

The amount outstanding in relation to these facilities at 31 December 2020 is £62.3m. Following the successful sale and leaseback of Group properties in February 2021, the Group repaid £23m of the facilities and as a result the amount outstanding on the facilities at the date of approving these financial statements is £39.3m.

The Directors believe it is appropriate therefore to prepare the financial statements to 31 December 2020 on a going concern basis.

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. As at 31 December 2020 the carrying value of investments were £8,714,365 (2019: £8,714,365).

Provision for impairment on receivables

The Directors exercise judgement in providing for impairment loss on receivables due to the Company. As at 31 December 2020 the carrying value of receivables was £nil (2019: £24,000).

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 loss dealt with in the financial statements of the Company was £36,755 (2019: £304,216). The average monthly number of employees, including the directors, during the year was 2 (2019: 2). The average monthly number of employees, including the directors, during the year was 2 (2019: 2).

4. AUDITORS' REMUNERATION

Auditors' fees for the company were £4,000 (2019: £5,250).

5. FIXED ASSET INVESTMENTS

Company **Investment in subsidiary undertakings**	**2020** **£**	2019 £
Cost and net book value		
At 1 January 2020	**8,714,365**	8,401,724
Additions	**-**	312,641
At 31 December 2020	**8,714,365**	8,714,365

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.

5. FIXED ASSET INVESTMENTS (continued)

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 (b)	100%	The Acres, Stretton Distribution Centre Grappenhall Lane, Appleton, Warrington, Cheshire, England, WA4 4QT
AKW Group Limited	Intermediate holding company (b)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF
AKW Global Logistics Limited	General haulage (c)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF
AKW Global Logistics Birmingham Limited	General haulage (c)		26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF

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5. FIXED ASSET INVESTMENTS (continued)

Company	Business activity	Holding	Registered office
AKW Global Warehousing Limited	Warehousing (c)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF
AKW Warehousing Limited	Warehousing (c)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF
Global Logistics (UK) Limited	Dormant (c)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF
AK Worthington Limited	Dormant (c)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF
Fresh Freight Limited	General haulage and warehousing (b)	100%	The Railhead Building, Earlsway, Team Valley Trading Estate, Gateshead, NE11 0QY
David Hathaway Holdings Limited	Intermediate holding company (b)	100%	Woodward Avenue, Westerleigh Business Park, Yate, Bristol, BS37 5YS
David Hathaway Properties Limited	Property investment (e)	100%	Woodward Avenue, Westerleigh Business Park, Yate, Bristol, BS37 5YS
David Hathaway Transport Limited	General haulage and warehousing (e)	100%	Woodward Avenue, Westerleigh Business Park, Yate, Bristol, BS37 5YS
Internet Distribution Highway Limited	Dormant (d)	100%	The Railhead Building, Earlsway, Team Valley Trading Estate, Gateshead, NE11 0QY
Specialist Logistics Solutions (SLS) Limited	Dormant (d)	100%	The Railhead Building, Earlsway, Team Valley Trading Estate, Gateshead, NE11 0QY
BC Transport (Bollington) 1991 Limited	Dormant (b)	100%	Unit 18, Adlington Business Park, Adlington, Macclesfield, SK10 4NL
GL Central Limited	Dormant (c)	100%	Alba Way, Stretford Motorway Estate, Stretford, Manchester, M32 0ZH
Kinaxia Logistics Training Limited	Dormant (b)	100%	Fawside Farm, Longnor, Buxton, Derbyshire, SK17 0RA

(a) This subsidiary is owned by Kinaxia Logistics Limited
(b) These subsidiaries are owned by Kinaxia Transport and Warehousing Limited
(c) These subsidiaries are owned by AKW Group Limited
(d) These subsidiaries are owned by Fresh Freight Limited
(e) These subsidiaries are owned by David Hathaway Holdings Limited

6. TRADE AND OTHER RECEIVABLES

Company	2020 £	2019 £
Current		
Trade receivables	-	24,000
Less: provision for impairment of trade receivables	-	-
	-	24,000
Amounts owed by Group undertakings	**9,840,824**	9,852,824
Other debtors	**1,017**	6
	9,841,841	9,876,830

7. CASH AND CASH EQUIVALENT

Company	2020 £	2019 £
Cash at bank and in hand	**32,876**	43,531

8. TRADE AND OTHER PAYABLES

Company	2020 £	2019 £
Current		
Trade creditors	-	-
Amounts owed to Group undertakings	**400,000**	400,000
Other taxes and social security	-	8,889
Other payables	**1,443**	1,443
	401,443	410,332

9. SHARE CAPITAL

	2020 £	2019 £
Allotted, called up and fully paid		
4,406,397 Ordinary shares of £0.00001 each	**50**	50
9,000,000 Ordinary A shares of £0.00001 each	**90**	90
100 Ordinary B shares of £1 each	**100**	100
203,214 Ordinary C shares of £0.00001 each	**2**	2
	242	242

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 24 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 Limited

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