Company No.07466536

Kinaxia Limited

Annual Report and Financial Statements

2021

Contents

Company information

Directors - G R Norfolk
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 2021.

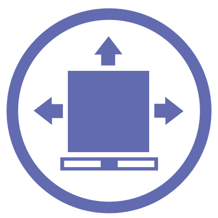
Our vision is to deliver a unique solution in the UK logistics market that combines local heritage and empathy within a dynamic national infrastructure that is distinctively Kinaxia.

Through retaining the values of our 13 acquired regional family businesses and bringing them together through consistent processes and systems, we will provide the UK logistics market a differentiated regional and national service offering that retains all the strengths of a local family business.

Principal activities and performance

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

The core areas of the business are:



Distribution
including general haulage and pallet services

Primary
including linehaul and trunking services

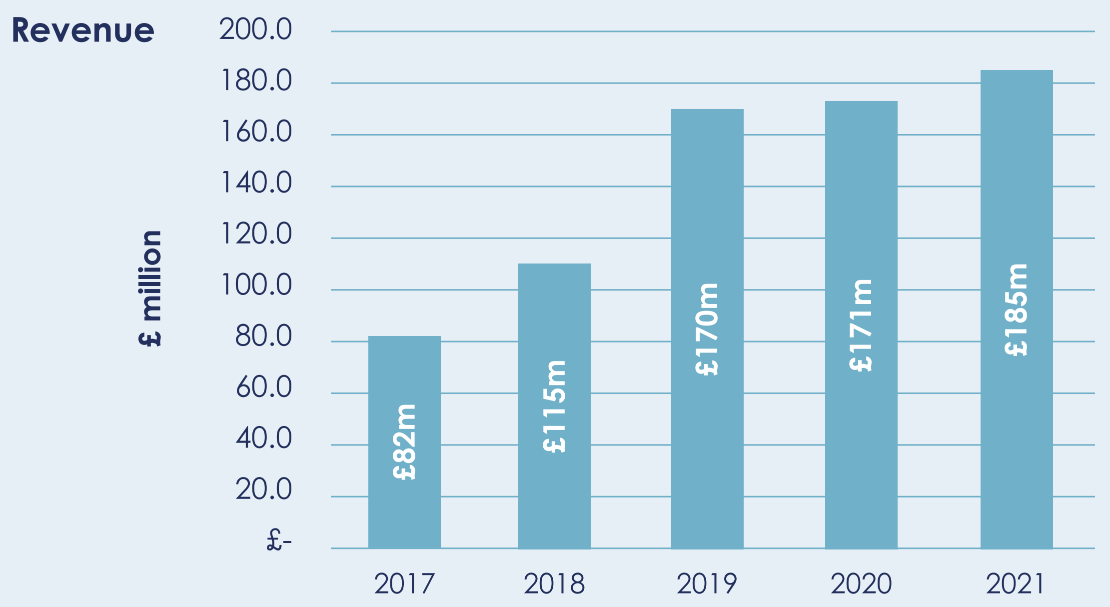
Logistics & Fulfilment
including Warehousing and Contract Packing services

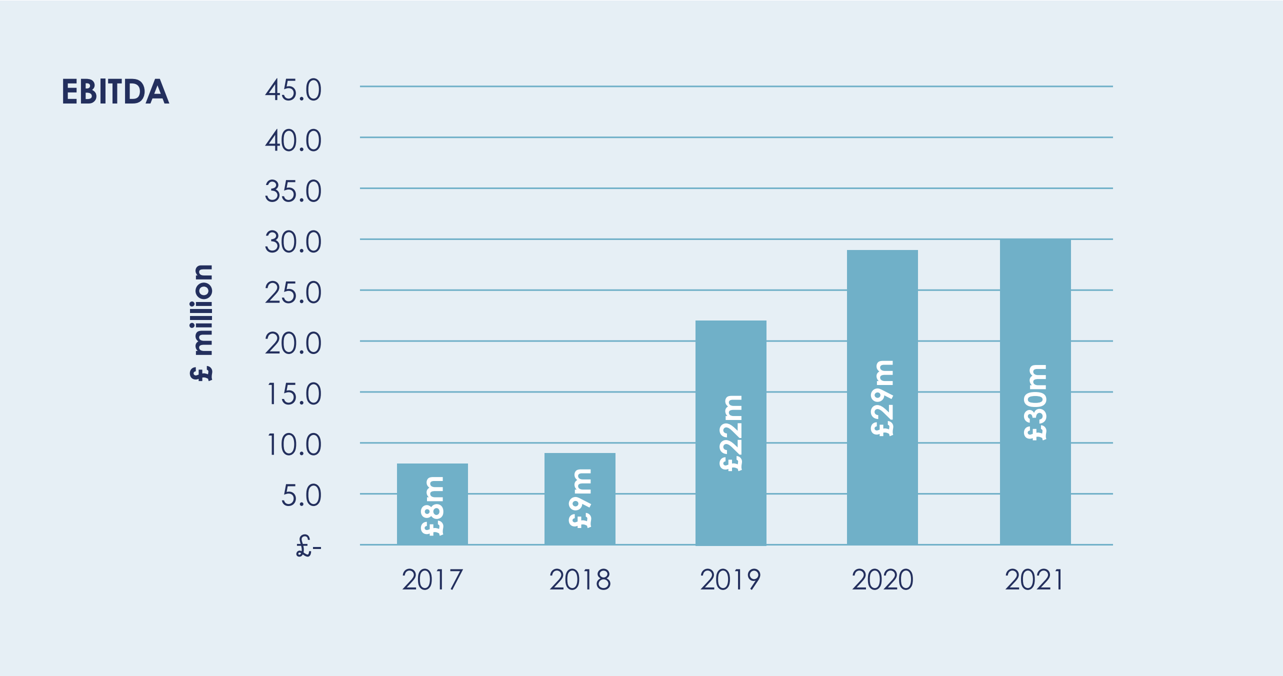
Review of Business

Financial highlights

- Revenue up 8.3% at £184.9m
- Gross margin up 1% to 24%
- EBITDA up 3.5% to £30.2m

	2021	2020	Change
	£	£	%
Revenue	**184,938,237**	**170,752,902**	**8.3%**
Gross Margin	24%	23%	4.4%
EBITDA	**30,216,816**	**29,188,490**	**3.5%**





*EBITDA in 2017 and 2018 is pre IFRS16

Group Statistics

2,675,000
Square feet of warehousing

850
Vehicles in fleet

13
Operating businesses in Group

1,694
Employees

7
Workshops

Trailers **1,161**

3
Distinct sectors within the Group

CEO report: Simon Hobbs

Our focus on our people, health and safety, environment, quality, compliance and good causes continued with passion and continues to be a cornerstone of our business.

We entered 2021 with similar market challenges to that of 2020, remaining in lockdown for the majority of quarter 1. Then on 12th April 2021, non-essential retail and outdoor venues reopened. The task of restocking the UK shelves began. Our previous "key worker" volumes doubled overnight and the whole UK logistics industry went from famine to feast and the UK driver shortage became our industry's next challenge.

Whilst throughout 2021 we and our industry wrestled with the driver shortage issues, our young and evolving Kinaxia Logistics business continued to implement its refreshed 2021 – 2024 strategy. We continued to grow our warehouse and fulfilment business and increased our UK footprint by circa 22%, to end 2021 with 2.3 million square feet of warehousing. We implemented our group JDA Blue Yonder warehouse management system into 3 additional Kinaxia facilities and launched our new national Warehouse & Fulfilment team to continue the growth of this sector.

Our Primary sector continued its growth and benefitted from the huge Covid -19 driven increase in e-commerce and home delivery. Throughout the difficult times of 2020 and 2021, this sector of our business continued to see year-on-year growth. To support the expansion of our Primary sector, we invested in new and larger facilities at Appleton, Cheshire and strengthened our management team.

Our Distribution business started 2021 as it exited 2020, with staff on furlough and vehicles decommissioned in line with lower volumes. April 2021 saw this all change. Volumes returned as our economy reopened and the new challenge was attracting new colleagues to drive our now recommissioned fleet. As you would expect from a group that retains the values and attitude of a family business, we found a way through. Although our industry's lack of qualified drivers does remain a UK issue, it is a lesser one.

The Distribution team continued to develop our own internal route to market, K-Link. By the end of 2021 through a combination of direct trunking, consolidation of full loads and our own Kinaxia cross dock at Rugby, we were sharing circa 3,000 pallets per week within our 11 Kinaxia Distribution businesses. This volume will continue to increase as we look to offer our UK customers an end-to-end Kinaxia solution to their distribution needs.

The pilot of a single multi-depot Transport Management System in 2022 will hugely benefit this customer focused goal.

We continued to recruit and strengthen our team in key roles in line with our ambitious 3-year business plan and to support the roll out of our standard operational processes and systems. Our strategic goal being to make it easier for our 11 Distribution businesses to work as one.

The consequence of the above was a continued improvement in our trading performance with revenue up for the tenth consecutive year by over 8%, gross margin up 4.4% and our EBITDA margin also up by 3.5%.

Our Kinaxia family continues to evolve and on track to achieve its 3-year plan.

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

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Operational highlights

As with all UK businesses, 2021 was a year of returning to some normality following the 2020 lockdowns caused by Covid-19.

2021 was also a year impacted by Brexit, which resulted in driver and warehouse staff shortages and recruitment challenges at a time when the UK economy was reopening.

Our Distribution sector was most impacted by the driver shortage. In April and May it was frustrating to see our vehicles loaded but stood still as we, and the UK logistics sector as a whole, struggled to recruit drivers. The sad reality was that this did impact negatively on the UK industry's service levels, at a time when our customers were eager to reopen their businesses. This industry wide shortage reduced during the second half of 2021 and, as with all cases of "supply and demand", resulted in significant increased wage costs which had to be reflected in our charges to our customers. It would be incorrect to say this driver shortage has been resolved and may appear again at peak times.

Despite these labour challenges it was good to see our volumes and activities begin to return to pre Covid times.

We continued to implement our standard Transport Management System (TMS) into two further Kinaxia businesses and ended the year with 9 of our 11 Distribution locations on the same TMS platform.

On the quality front we continued our FORS accreditations and welcomed new clients such as Tarmac, Coca Cola, Babymoov, Kimia UK and Wayfair to our business. Our Primary sector continued to see high demand throughout 2021 as UK consumers retained their preference for shopping online. Such was the growth of this sector that we invested in a new facility at our key Appleton site to accommodate the growth of our Mark Thompson Primary business. We also implemented our standard TMS system into our Primary business in 2021.

Within our UK warehousing and fulfilment sector we saw growth in both our warehouse and co-packing services. Warehouse space within the UK was, and still remains, in huge demand. We went live with 3 additional warehouse facilities during 2021, in line with our strategic intent to invest and grow this sector. One 100,000 sq.ft. facility in Appleton, another 100,000 sq.ft. in Sunderland and in December 2021 we acquired over the trade and assets of a 225,000 sq.ft warehouse campus in East Anglia.

We invested further in establishing a national management team for this growing sector with Anita Donohoe recruited to lead this sector and Craig Johnson promoted to a national operations director role to ensure we operated to a high quality and consistently at each of our warehouse locations.

To support this operational consistency, we implemented our chosen JDA Blue Yonder warehouse management system into our new Appleton and Sunderland facilities. We also continued our quality accreditation to the BRC standard.

The co-packing business in Manchester had a successful year, again driven by the e-commerce growth. Despite high demands on our operational team, we laid the foundations for the implementation of our JDA Blue Yonder warehouse management system, which we implemented successfully in quarter 1 2022.

Our warehousing and fulfilment sector welcomed new clients such as Dunelm, Toolstation, Nutricia, Uniliver Food and Procter & Gamble to name a few.

Compliance

The health, safety and wellbeing of staff, customers, and members of the public, including all personnel and visitors in our workplace continues to be our focus.

The health, safety and wellbeing of staff, customers, and members of the public, including all personnel and visitors in our workplace continues to be our focus.

Following the 2020 Pandemic, Compliance for 2021 had its challenges as the workplace transitioned back to normal working conditions with newly implemented legislation. The group utilised the expertise of an external consultant, Beverley Bell Consulting, to audit our business and complete a full compliance review group-wide, to identify any areas for improvement and share best practice.

Compliance in the group has continued to benchmark against the Fleet Operator Recognition Scheme (FORS) and, once again in 2021 the group has seen a 100% pass rate for the fifth year running.

In line with the FORS standard the group companies ensure each driver completes an in-depth induction and is provided with the Kinaxia Driver's Handbook. The handbook outlines all the procedures our colleagues need to follow including specific safety initiatives around driving and handling vehicles and interaction with all other road users. These compliance procedures continue to be developed to ensure we always keep our drivers, staff, and members of the public safe.

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

Our key objective for 2021 was to continue the ongoing development and improvement, implementation of groupwide standard practice and operational excellence to ensure the accurate reporting of key data for the on-site management teams and wider board.

Strong auditing and monitoring have allowed improvements in reporting of compliance, health safety and environmental (HSE) events across the group.

We have a continuous review process that considers all current safe systems of work and risk assessments with these being amended group-wide across all areas of the operations as appropriate. We have developed

a close working relationship with governing bodies within our transport and warehousing sector, such as the RHA (Road Haulage Association), BRC (British Retail Consortium) and last year worked with the RHA to help develop their new National Member Safety videos to be rolled out to all members.

In line with the Government legislation regarding vehicles operating in Central London, we have invested in the Direct Vision Standard, (DVS), and implemented the required technology including cameras and audible warning systems to ensure we are able to operate in Central London in a compliant and safe manner. This has been reviewed and implemented group-wide and a sizeable percentage of the fleet that work within the M25 have been fitted with the required DVS system. All new vehicles on the fleet now have this equipment fitted as standard.

The continued development of our internal library of Toolbox Talks and Safety Alerts are aimed at ensuring that the highest levels of safety and compliance are maintained and upheld. These are under constant review and rolled out throughout the year by on-site management responsible for compliance. We continue to develop and support our highly skilled and trained workforce group-wide.

A full telematics system has been implemented in 2021 and following our technology we can identify potential issues and engage with our staff to provide additional training and support where required.

We continue to work closely with our insurers and our telematics providers to develop better and more accurate reports, monthly reviews are held to manage how we operate and consider all new enhancements.

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Checked Safe

Checked Safe is an online vehicle defect recording solution. Checked Safe links directly to our transport management teams and workshops to provide accurate capture and reporting of any vehicle defects.

In 2020 there was almost 280,000 checks completed group-wide, with managed defects accounting for 24,300 which is a defect ratio of 8.7%.

In 2021, as rollout continued across the group, a significant increase of completed checks took place resulting in 347,000 checks being conducted. However, the managed defects were 23,000, slightly less and dropping the defect ratio further by 2.1% to a below average of 6.6%.

Against the national UK average of 10% defect ratio, we are making good progress. Checked Safe has allowed information to flow both ways from daily checks to managing defects, enabling local depots to manage fleet more effectively.

Tru-Tac

Tru-Tac is our vehicle tachograph analysis solution. It makes tachograph management, driver de-briefing and compliance reporting, more accurate and faster. Furthermore it allows tachograph data from vehicles to be downloaded remotely so we have the ability to manage vehicle usage and driver activity better than before.

Since the introduction of Tru-Analysis, an analytical module within the Tru-Tac solution, we have seen year on year improvements with tachograph compliance. As we work towards Earned Recognition Accreditation, the products team at Tru-Tac remain a fundamental part of our business providing clarity, training and support, and peace of mind.

Blue Tree

Blue Tree (ORBCOMM) is our powered vehicle telematics provider, Blue Tree is an advanced product which enables full vehicle telematics reporting remotely in real time whenever a vehicle is used.

By utilization of the Blue Tree system, we can monitor all vehicle data such as speed, engine idling, MPG, acceleration, braking and harsh cornering. Our driver trainers then can use the live data in driver debriefs to improve driver behaviours and deal with any driver infringements.

Sales & Account Management

2021, like 2020, saw our client base increase with a number of key gains across all our operating sectors – Distribution, Primary and Logistics and Fulfilment.

In 2021 we reviewed our local Distribution sales structure to reflect our UK industry's challenge with driver recruitment. We did not want to attract new customers to Kinaxia, that we may struggle to implement through a lack of resource. Our service reputation is important to us and we did not want to potentially disappoint clients. Our sales focus moved to gaining a few larger clients that we could accommodate at a national level across our group. This more targeted national approach did bring us selective gains. We will constantly review the UK driver market and hopefully strengthen our local Distribution sales team in 2022.

Our warehouse, co-packing and fulfilment sales team continued to focus on selling into our increasing warehouse footprint. Strategically we have moved towards longer contracted storage agreements with a reducing dependency on short term warehousing clients. With UK warehouse space becoming short in supply, we will continue this transition to longer and more contracted storage and fulfilment agreements. As we exited 2021 our warehouse capacity, which had increased by 20%, was full.

Our new Sector approach - Distribution, Primary and Logistics & Fulfilment – has allowed us to become more focused on our growth goals and to also spend more time understanding the needs and further opportunities within our top 65 accounts. 2022 will see the further introduction of Account Management Plans with the objective to retain and grow these accounts across complementary services we offer within the Kinaxia group. The potential for further growth and "cross selling" within our group remains relatively untapped.

Marketing and brand

The Kinaxia brand strategy and journey continued to gather pace and momentum in 2021. We were able to build on the strong social media platform presence we had worked to deliver which has been successfully received and continues to gather pace.

After the launch of our new Kinaxia Logistics website, we have seen a significant growth in both the number of visits to our website and the duration of that visit. In 2021 the number of individual visits to our website increased from 35,070 in 2020 to 205,675 in 2021. Time spent on our website increased by 471%.

Visits to our site from social media channels saw an increase of 171.34%.

In 2021 we were also recognised in the Insider NW top 500 list. We were thrilled to be recognised as a top 500 company across all sectors based on turnover and growth.

Throughout the Covid-19 Pandemic we continued to remain focused on finding new ways to communicate with our "key worker" employees and to keep the supply chain delivering on behalf of our clients. We provided monthly updates from our CEO and our business heads, using video updates to communicate internally and share with all employees to ensure full engagement.

We continued with our annual customer survey in September 2021. Disappointingly, our response rate this year was the lowest we have experienced. Speaking with our customers, it would seem they were more internally focused on managing their own businesses out of the Covid-19 period. We will review our survey medium and approach our customers again in September 2022, albeit in a different manner.

Our Marketing Sponsorship activities were further bolstered by Covid-19 in ways which we had not anticipated. We benefitted from more sporting events being televised, such as rugby league. Our sponsorship of top performing rugby league team St. Helens, allowed our Kinaxia Logistics branding to be televised, not only on the players shirts, but also at the stadium.

2022 will see us transition to a greater national Kinaxia brand, whilst still retaining our regional family brand and heritage.

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Environmental, social and governance (ESG)

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 ESG focus areas on environment, community, workplace, and ethics.

Greenhouse Gas Emissions

In accordance with the disclosure requirements required under the UK Government's Streamlined Energy and Carbon Reporting framework, the table below summarises the Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions for reporting year ended 31 December 2021, along with the comparable period.

** 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

	2021	2020	% Change
Emissions from business travel	44.21 t/Co_2e	32.01 t/Co_2e	38.1%
Emissions from Commercial Freight Movement	73,636.63 t/Co_2e)	69,206.37 t/Co_2e	6.4%
Emissions from other fuels – kerosene, red diesel.	1414.60 t/Co_2e	629.86 t/Co_2e	124.6%
Gas – Utilities & LPG	586.87 t/Co_2e	845.27 t/Co_2e	-30.6%
Electricity	1085.45 t/Co_2e	1075.15 t/Co_2e	1%
Tonnes of Co_2e per £m revenue (intesity ration)	415.10 t/Co_2e	420.42 t/Co_2e	-1.3%
TOTAL	**76,767.76 t/Co_2e**	**71,788.65 t/Co_2e**	**6.9%**

Group-wide business travel in personal and company cars increased by 38.1% as a result of returning to working activities after the Covid-19 lockdowns in 2020, this saw an increase of 12 t/Co2e year on year.

Commercial and Business travel

Despite this increase, the Group actively encourages the use of technology to host meetings in order to minimise unnecessary business travel and the 2021 business travel emissions are still significantly down on the 2019 pre-Covid-19 level which was 135.3 t/CO2e in the year ended 31 December 2019.

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 and electric vehicles. We will also be installing further charging points at several depots to encourage more employees to make the move to hybrid or electric as they will have a place to charge their vehicles during their time at work.

The total commercial fleet emissions increased by 6.4% as a result of increased revenue activity in the year ended 31 December 2021. Revenue for the same period increased by 8.3% reflecting an improvement in the intensity ratio and some efficiency improvements. The overall commercial fleet emissions increased by 4,430.26 t/Co2e.

Other emission movements are shown in the above table. Overall the total GHG emissions increased by 6.9% as a result of increased revenue activity in the year ended 31 December 2021. The overall total company GHG emissions increased by 4,979.1t/Co2e.

Our intensity ratio, the Tonnes of CO2e per £ revenue reduced by 1.3%.

In 2020, we invested in a new confidential waste management partner, piloting a waste management process to help divert waste from landfill to waste energy, increase recyclability and providing total environmental compliance. In 2021 we reduced the amount of waste produced by 17% as we continue to focus on further reductions.

Recycling

Our carbon neutral paper destruction process has continued to apply 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:

	2021	2020	% Change
Weight of Paper collected (KG)	21,952	26,508	-17.2%
Number of trees saved	373	451	-17.3%
Energy saved (kW)	87,808	106,032	-17.2%
Co_2 saved (Kg)	16,640	20,093	-17.2%
Reduction in waste to Landfill (m3)	50	60.44	-17.3%
Water saved (litres)	691,488	835,002	-17.2%

Community:

- Our ESG teams locally continue to focus and work with various local and national charity partners, building colleague engagement and positive community connections.

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National Charity Partnerships:

Air Ambulance:

- In 2021 Air Ambulance was again voted by our employees as Kinaxia's National Charity Partner of the year. All colleagues across the Kinaxia network stepped up in the 'Miles for Mission campaign in September taking part in various activities be that running, walking, swimming or cycling logging miles for donations.

Cancer Research UK:

- Kinaxia teams around the business joined in our football Fun Friday Campaign supporting Bowel cancer awareness raising £2,000.

Cash for Kids/ National Hits Radio

- The Kinaxia family came together once again to support this great initiative which helps to 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 ESG champions, employees, and our customer Golden Bear Toys, made a positive impact and difference.

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Local Charity Partnerships:

- We have continued our partnership with St Helens Rugby Club, with a sponsorship donation of £7,000 aligned to a road safety awareness program called "Saddle Up" program. This joint initiative was aimed at educating school children who walk and cycle to school on what to be aware of and how to stay safe on the road.
- Macmillan Coffee Morning brought office staff, warehouse staff and drivers together buying and baking cakes.
- £1,000 sponsorship of Adwood Football Club's team kit.
- A colleague volunteering policy was launched that enables all employees to take 1 paid day per year of volunteer time. This new employee benefit has provided 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 strategy

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

For the year ended 31 December 2021 we employed 1,694 colleagues across the Group who are integral to the continued success and growth of our business.

Training and Development

In 2021, the Group developed its partnership with a provider of Driver CPC training, and we now have a group of approved and qualified Driver Trainers delivering a standardised internal CPC programme across the Group. The first online training session took place in February 2021. The modules being delivered are aligned to the Group's business objectives to ensure a consistent approach is implemented across the Group.

In addition, the Group has designed an internal driver training programme to be delivered to new entrants or existing colleagues who wish to become a Class 1 or Class 2 HGV Driver. The programme has been designed in accordance with the LGV government standard whilst incorporating the Group's best working practices using both theory and practical methods.

In 2021, the Group commenced the roll-out of a Hay Job Evaluation programme with the aim of managing our internal pay structure, assisting with external salary benchmarking and providing our employees with a visible internal career path. This will continue in 2022.

Leadership and Management

During the year ended 31 December 2021, seven modules within our internal Management Development Programme were delivered online to our managers of people. All seven modules were delivered by members of the Human Resources Department utilising their skills, knowledge and experience in employee relation matters.

The next phase will be to deliver a Senior Leadership and Executive Coaching programme which provides our senior leadership team with the skill set required to support the growth and operational transformation of the Group. The aim is to develop a culture of collaboration and build on our 'family of families' ethos by incorporating our strategic business goals into the programme, cascaded down through the organisation via coaching, mentoring and bespoke training programmes.

Recruitment

In 2021 the Kinaxia group recruited an apprentice to support and strengthen the internal recruitment department which has enabled us to produce and deliver consistent KPI's and statistical data to the group.

To improve the recruitment and selection process and to provide vacancy and candidate visibility to all hiring managers the group has sourced an Applicant Tracking System which will be implemented in 2022. This system will reduce the administration tasks currently completed by the recruitment team and enable them to focus on ensuring we are attracting the right talent and the next generation in Logistics.

Employee Engagement

We are committed to the engagement of our people by establishing a culture of employee engagement where our people feel safe and are motivated to contribute to the Group's success. We aim to give our people a 'sense of belonging' to a company that they feel proud to work for.

Following receipt of the 2020 Employee Engagement Survey results at the beginning of 2021, each company asked for volunteers to join a local employee focus group to partner with the management team and agree action plans and developmental areas identified through the survey results. This resulted in certain initiatives being implemented across the Group to improve our employees' working environment.

As a continuation of the Group's commitment to the engagement of our people, we launched our 2021 Employee Engagement Survey in September. Our survey providers presented an overview of the results to our Executive Committee in December. Dissemination of each company's results will continue into 2022.

The future generation

In 2021, we continued our commitment to strengthening our internal talent pool, improving succession planning and promoting a career in logistics through the creation of opportunities for the younger generation via two graduate placements in partnership with NOVUS. Due to the success of this venture the Group has committed to recruiting three graduate placements in 2022 within different operational departments.

In addition, a focus group was created with sponsorship from a member of the senior leadership team to help drive the apprenticeship programme across the group. This highlighted the benefits of introducing new talent into the industry, resulting in the implementation of an internal Apprenticeship of the Year Award. This growth will continue in 2022 with the development of our external careers website by providing a platform for developmental roles with case studies and clear career pathways.

Mental Health and Wellbeing

We are committed to improving the mental health and wellbeing of our people and aspire to create an open and healthy culture that recognises and promotes the importance of good mental health and wellbeing. The aim is to improve health and wellbeing within the workplace where discussions around mental health can take place in a safe, confidential environment.

To support this aspiration in 2021 the Group committed to training 32 Mental Health First Aiders, implemented an annual mental health and wellbeing calendar of events and introduced Fresh Fruit Monday where boxes of fresh fruit are delivered to each of our sites every four weeks.

In addition, through our partnership with Mates in Mind, a presentation was delivered to the Group's senior leadership team on the importance of mental health and well-being and two webinars took place on World Suicide Prevention Day which were available to all our people to attend.

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Kinaxia Logistics Directors


Graham Norfolk


Dr Peter Fields


Neil Ashworth


Simon Hobbs


Ben Warrillow


Barry Germany

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.

Neil Ashworth, *Non-executive director*

Neil is a non-executive director at Kinaxia and has held the position since 2021. Neil has over 25 years' board-level experience in the logistics, supply chain, retail and e-commerce industries. He is a former chairman of the Chartered Institute of Logistics & Transport and is currently non-executive chairman of Selazar, non-executive director or 2San Global and an advisor to IVIS Group.

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.

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.

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Fleet report

2021 saw continued renewal and investment in the fleet, with 14% of the fleet replaced with new, greener technology. This equates to an increase in Euro VI vehicles to 92%, up from 79% in the previous year.

The Pandemic had a detrimental effect on the supply of new equipment and we are seeing signs of the consequences of skilled labour shortage and the short supply of semi-conductors which is resulting in delayed delivery times for new vehicles and is contributing to increased prices in both new and used vehicle markets.

2022 and Beyond

We have become development partners with two green vehicle manufacturers to help with R&D and "On Road" trials. This will see several EV and Hybrid trucks coming into service around the group in 2022, with a commitment to increase our fleet as availability increases.

Fleet Report

Vehicles in fleet
850

Trailers **1,161**

Workshops
7

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Technology and systems

Systems consolidation and process standardisation across all Group operating companies has made considerable progress. This has been further supported by the drive towards greater data led decision making and security by design. The evolution of a strategic technology vision will ensure that the technology platform of the future will deliver benefit to the overall organisation.

IT Security remains pivotal to all our business operations and to enhance our colleagues awareness and knowledge. Further technical controls have been introduced alongside the continuation of a group-wide security awareness programme. Phishing simulation and penetration test activities are part of the security cycling of continuous review and improvement.

The introduction of the Qlik Sense, our online analytical reporting application used within the business has provided a single point to manage and report management information from our numerous data sources. Ongoing development is driving a change in the approach to decision making and will provide clearer Key Performance Indicators, (KPIs). The platform aims to provide data insight across transport, warehousing, finance, people, compliance and fleet operations.

Process and functionality standardisation across the Transport Management System, (TMS), will allow Kinaxia to move toward the next phase of achieving one single system across the whole of the transport business and will particularly improve the consistency of our customer experience across the group.

The Group's strategic Warehouse Management System, (WMS), application solutions, JDA Blue Yonder 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, (Electronic Data Interface), enables Kinaxia to meet and satisfy a wide range of customer integration needs from the simple to extremely complex.

IT services have been restructured in areas to establish simplified third party management and improved internal customer service. Further rationalisation and continuous improvement will continue along with the development of the internal IT capability.

As the consolidation of the core business solutions takes place the strategic move towards cloud-based IT services will also continue, providing resilience and growth benefits. Local site IT infrastructure has been refreshed to a common architecture design and has achieved a proactive single centralised support view of all IT devices. The deployment of a standard telephony platform and site connectivity is well progressed and will provide a single communication platform across the whole organisation. Desktop services will be redefined, consolidated and refreshed as part of the technology roadmap with the intention of ensuring the appropriate tools are provided for every Kinaxia colleague.

Group Finance Directors Report

During 2021 the group made good progress following the prior year challenges that Covid-19 brought to the business.

Summary

During 2021 the group made good progress following the prior year challenges that Covid-19 brought to the business. Revenue was 8.3% up for the year reflecting improved customer activity and revenue levels after the Covid-19 lockdowns in the previous year.

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 depreciated 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, both years are reported under IFRS 16 so are comparable. Further details of the IFRS 16 treatment are shown in note 21 to the financial statements.

Revenue

	2021	2020	Change
	£	£	%
Distribution	114,012,346	112,440,054	1.4%
Primary	36,332,350	31,352,187	15.9%
Logistics & fulfilment	34,593,541	26,960,661	28.3%
Total Revenue	**184,938,237**	**170,752,902**	**8.3%**

Total revenue for the year ended 31 December 2021 increased by 8.3%, (£14,185,335). Most of the growth has come from our Primary and our Logistics and Fulfilment divisions which reflects the strategy to grow and develop these higher value propositions.

Distribution revenue which includes general haulage and pallet services increased 1.4% in 2021 over the prior year.

Primary product revenue was up 15.9% from £31,352,187 in 2020 to £36,332,350 in 2021 reflecting the increased demand for B2C services through parcel networks post Covid-19 and additional business from existing customers.

Logistics and Fulfilment revenue which is all warehousing and co-packing revenues increased by 28.3% reflecting improvements to Co-packing activity post the Covid-19 2020 lockdowns. This improvement in revenue year on year also reflected new warehousing capacity taken on at the end of 2020 and during 2021.

Gross Margin, EBITDA and EBITDA

	2021	2020	Change
	£	£	%
Revenue	184,938,237	170,752,902	8.3%
Cost of sales	(140,477,308)	(131,424,950)	6.9%
Gross profit	**44,460,929**	**39,327,952**	**13.1%**
Gross margin %	**24%**	**23%**	**4.4%**
Administrative expenses	(41,248,202)	(35,624,019)	15.8%
Operating profit (EBIT) Pre exceptionals & other operating income	**3,212,727**	**3,703,933**	**-13.3%**
EBIT % Pre exceptionals & other operating income	1.7%	2.2%	-19.9%
Other operating income	563,922	3,398,977	-83.4%
Gain on Disposal investment	2,701,225	0	100%
Gain on Property Disposals (SLB)	1,400,118	4,189,162	-66.6%
Gain on Lease Surrender	3,872,409	0	100%
Operating profit (EBIT)	**11,750,401**	**11,292,072**	**4.1%**
EBIT %	6.4%	6.6%	-3.9%
EBITDA	30,216,816	29,188,490	3.5%
EBITDA %	16.3%	17.1%	-4.4%

Gross margin during the year ended 31 December 2021 was 24.0%, up 1% on the year ended 31 December 2020. Operating profit (Earnings before tax and interest) percentage after exceptional items was 6.4% compared to 6.6% the previous year and EBITDA (Earnings before interest, tax and amortisation) was 16.3% compared to 17.1% for the year ended 31 December 2020.

Gross profit and EBIT benefited from a £4,101,343 gain on disposal of property and a property investment company. There was also a £3,872,409 gain under IFRS16 through a lease surrender. This compares with a £4,189,162 gain on disposal of property in the year ended 31 December 2021. EBITDA for the year ended 31 December 2021 (under IFRS 16) was £30,216,813 compared to £29,188,490 for the year ended 31 December 2020.

During the year the group made use of the UK Government furlough payments scheme receiving £563,922 from the Coronavirus Job Retention Scheme.

Cash

Operating cash flow before working capital movements increased by 1% year on year to £25,144,170.

Working capital outflow of £10,499,711 reflected the unwind in the year ended 31 December 2021 of HMRC Covid-19 deferrals which had been agreed in 2020 and growth of debtors as customer trading grew by 8.3% year on year.

Net cash out flows from investment activities increased year on year to £10,644,780 in 2021 from £7,919,733 in the previous year due to disposal proceeds from the 2021 property sale and leaseback programme being less than the 2020 property sale and leaseback programme.

There were no acquisitions during 2021.

Net cash out flow from financing activities increased year on year by 61% due to the repayment of £23,064,213 of borrowings.

The year end cash balance was £6,188,015 which was a reduction of £15,176,789 compared to the year ended 31 December 2020 reflecting the repayment of VAT deferrals under the HMRC's VAT payments deferral scheme and part repayment of bank loans from cash reserves.

	2021	2020	Change
	£	£	%
Operating cash flows	25,144,170	24,815,169	1%
Net change in working capital	(10,499,711)	4,430,662	-337%
Tax received / (Paid)	143,567	(357,319)	-140%
Net cash generated from operating activities	14,788,026	28,888,512	-49%
Net cash flows from investment activities	(10,664,780)	(7,919,733)	35%
Net cash flows from financing activities	(19,300,035)	(11,961,308)	61%
Net increase in cash and cash equivalents	(15,176,789)	9,007,471	-268%

Net assets

In 2021, net assets increased by £3,209,153 to £15.8m after the cumulative impact of an adverse IFRS16 adjustment of £14.3m.

Financing costs

Financing costs reduced from £9,733,593 in 2020 to £8,489,301 in 2021. This was due to a reduction of £1,681,420 in bank borrowing interest, an increase of £510,939 of lease liability interest costs and a reduction of £73,411 in other interest costs year on year.

Net debt

	2021	2020	Change
	£	£	%
Cash and cash equivalents	(6,188,015)	(21,364,804)	-71%
Loans	40,652,186	62,306,620	-35%
Hire purchase	8,494,988	16,081,922	-47%
Invoice discounting facilities	12,613,297	13,475,102	-6%
Corporation Tax	1,296,089	1,268,611	2%
Total net debt (Pre IFRS 16)	**56,868,545**	**71,767,451**	**-21%**

Net debt on a pre IFRS 16 basis reduced significantly by £14,898,906 or 21% as shown in the above table. The reduction was largely the result of a 2021 property sale and lease back programme which enabled £21,654,434 of loans to be repaid and a £7,586,934 reduction in hire purchase liability as new vehicles were replaced under contract hire arrangements.

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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.
- 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 Directors can confirm that the group has full policies and procedures on dealing with matters arising from the Coronavirus and how it effects the business and its employees. The business has ensured that all Risk Assessments in relation to Covid-19 have been completed and continue to monitor all issues around Covid-19 as changes and updates occur.

The Directors have assessed the main risks to the group as being the availability of qualified drivers and resources to meet future growth, fuel price, driver wage costs, other cost inflation and the price sensitive nature of pallet network business.

The directors believe that these risks are mitigated by the continued efforts to maintain a competitive advantage through high customer service levels, increasing use of new technology, customer pricing reviews and policies to attract and retain high calibre staff.

The group makes little use of financial instruments other than an operational bank account and so its exposure to credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the group.

Given the recent shift in the overall economic climate during 2022 with significant increasing costs and some uncertainty around future activity the directors believe there is some price risk in the sector. This is being managed by ensuring customer prices are reviewed annually to pass through these operating costs, particularly with fuel where we have reviewed our surcharge mechanism and implemented fuel and driver surcharges in a number of areas across the group.

During 2022 we have also launched a group procurement initiative to utilise the combined buying power rather than sourcing suppliers locally. This involves prioritising our supplier spend by category and consolidating suppliers focusing on price and service offering and consolidating the number of suppliers and the number of invoices we have to process within our back office.

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
- Profit and loss 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:

	2021	2020
	£	£
Revenue	184,938,237	170,752,902
Gross Margin	24%	23%
EBITDA	30,216,816	29,188,490

*based on IFRS16 basis

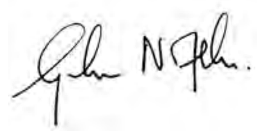
Other key performance indicators

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: 23 August 2022

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Directors' report

The directors present their report and the financial statements for the year ended 31 December 2021. The directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as in conformity with the requirements of the Companies Act 2006.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report, the Kinaxia Limited parent company accounts 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 issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS) in relation to the Group accounts. Under Company law the directors must not approved 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 £3,209,153. (2020: £157,317) The directors do not recommend the payment of a final dividend (2020: £nil).

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

Directors

The directors who served during the year were:

G R Norfolk

P R Fields

Disabled persons

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

Employee involvement

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

Streamlined energy and carbon reporting

The Group's energy and carbon data for the year ended 31 December 2021 are set out in the Group Strategic Report.

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 March 2022 following a successful refinancing process the entire term loan facility agreement with Permira Debt Managers was repaid in full. It was replaced with a new £41.5m facility with D E Shaw in the form of issued loan notes which were listed in May 2022 on the Guernsey Stock Exchange and purchased through Delalv Cayman C GBP Ltd. The loan note carries an interest charge of 12.75% plus SONIA per annum. This loan is secured by means of a fixed and floating charge against the assets of the group. This new facility is fully repayable in March 2025 with the option to further extend to March 2026 subject to certain conditions being met.

This successful refinancing process provides certainty to the Group in the short term allowing it to focus on delivering its strategic objectives.

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 £56,010,995 (2020: £7,386,928) at 31 December 2021 and generated a profit after tax of £3,209,153 (2020: £157,317) for the year ended 31 December 2021.

The increase in net current liabilities at 31 December 2021 has been driven by the presentation of the loan facility agreement with Permira Debt Managers. This was due repayment in December 2022 and therefore is presented within Current liabilities in the balance sheet at 31 December 2021. As set out below this entire loan facility was repaid in March 2022.

In March 2022 following a successful refinancing process the entire term loan with Permira was repaid in full. It was replaced with a new £41.5m facility with D E Shaw in the form of issued loan notes which were listed in May 2022 on the Guernsey Stock Exchange. This new facility is repayable in March 2025 with the option to further extend to March 2026 subject to certain conditions being met.

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 2024, 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.

Trading performance to the end of July 2022, for the year ending 31 December 2022, has been encouraging with the group trading slightly ahead of the 3 year plan. To mitigate against the risks of economic downturn and inflation the business has implemented its annual price increases to customers and applied a generous cost of living increase to employees to ensure continuity of business capability and to reflect the increases coming through the cost base. Focus on gross margin within the business and a recent management re-structure to focus on our three core divisions of Distribution, Primary and Logistics & Fulfilment are improving performance and give a more agile response in the event of reduced activity as a result of potential economic downturns.

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 with Permira Debt Managers 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 originally due for repayment on 15 March 2022 but in December 2021 these facilities were extended to the end of December 2022. The amount outstanding in relation to these facilities at 31 December 2021 was £40.6m.

The Directors believe it is appropriate therefore to prepare the financial statements to 31 December 2021 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: 23 August 2022

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 2021 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 as adopted by the United Kingdom (IFRSs) in conformity with the requirements of the Companies Act 2006. 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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs in conformity with the requirements of the Companies Act 2006;
- 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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the 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 42, 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:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

- 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 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, and Anti-bribery and Corruption.

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.

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

- Testing the appropriateness of journal entries and other adjustments. We have used data analytics software to identify accounting transactions which may pose a heightened risk of material misstatement, whether due to fraud or error.
- 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/auditorsresponsibilities. This description forms part of our auditor' report.

Use of our report

The report is solely to the Company's members, as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Hurst Accountants Limited

Helen Besant Roberts, Senior statutory auditor
Date: 23 August 2022

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 2021

	Note	2021 £	As Restated 2020 £
Continuing operations			
Revenue	5	**184,938,237**	170,752,902
Cost of sales		**(140,477,308)**	(131,424,950)
Gross profit		**44,460,929**	39,327,952
Administrative expenses		**(41,248,202)**	(35,624,019)
Exceptional items	13	**7,973,752**	4,189,162
Other operating income	6	**563,922**	3,398,977
Profit from operating activities	7	**11,750,401**	11,292,072
Income from fixed asset investments	9	**6,370**	14,650
Finance costs	10	**(8,489,301)**	(9,733,593)
Finance income	10	**1,602**	2,667
Profit for the financial year before taxation		**3,269,072**	1,575,796
Tax (expense)	12	**(59,919)**	(1,418,479)
Profit and total comprehensive income for the financial year attributable to the equity holders		**3,209,153**	157,317

The accompanying notes form part of these financial statements.

Consolidated balance sheet

As at 31 December 2021 Registered number: 07466536

	Note	2021 £	2020 £
Assets			
Non-current assets			
Intangible assets	15	**51,052,320**	51,052,320
Property, plant and equipment	16	**17,117,328**	28,609,325
Right-of-use assets	22	**71,652,507**	70,261,593
Investments	14	**319,519**	319,519
Total non-current assets		**140,141,674**	150,242,757
Current assets			
Inventories	17	**525,732**	519,388
Trade and other receivables	18	**44,805,374**	38,284,229
Cash and cash equivalents	19	**6,188,015**	21,364,804
Total current assets		**51,519,121**	60,168,421
Total assets		**191,660,795**	210,411,178
Liabilities			
Current liabilities			
Borrowings	21	**53,284,976**	13,532,013
Trade and other payables	20	**35,919,690**	36,728,723
Lease liabilities	22	**18,325,448**	17,294,613
Total current liabilities		**107,530,114**	67,555,349
Borrowings	21	**332,981**	62,249,010
Trade and other payables	20	**1,003,622**	1,408,511
Lease liabilities	22	**66,250,115**	65,631,762
Provisions	24	**147,081**	147,081
Deferred tax	12	**647,473**	879,211
Total non-current liabilities		**68,381,272**	130,315,575
Total liabilities		**175,911,386**	197,870,924
Net assets		**15,749,409**	12,540,254
Equity			
Share capital	23	**244**	242
Share premium		**11,841,036**	11,841,036
Revaluation reserve		**484,000**	484,000
Retained earnings		**3,424,129**	214,976
Total equity attributable to the owners of the Company		**15,749,409**	12,540,254

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: 23 August 2022

Consolidated statement of changes in shareholders' equity

For the Year Ended 31 December 2021

	Note	Share Capital £	Share Premium Reserve £	Revaluation Reserve £	Retained Earnings £	Total Equity £
At 1 January 2020		**242**	**11,841,036**	**484,000**	**57,659**	**12,382,937**
Profit for the year		-	-	-	157,317	157,317
Total comprehensive income		**-**	**-**	**-**	**157,317**	**157,317**
At 31 December 2020		**242**	**11,841,036**	**484,000**	**214,976**	**12,540,254**
Profit for the year		-	-	-	3,209,153	3,209,153
Total comprehensive income		-	-	-	**3,209,153**	**3,209,153**
Transactions with owners						
Shares issued		**2**	-	-	-	**2**
At 31 December 2021		**244**	**11,841,036**	**484,000**	**3,424,129**	**15,749,409**

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
(Loss)/profit for the year		**3,209,150**	157,317
Adjustments for:			
Depreciation of property, plant and equipment	16	**3,544,911**	3,141,322
Amortisation of right-of-use assets	22	**15,058,825**	14,561,858
Profit on disposal of tangible assets	16, 22	**(1,337,555)**	(4,180,083)
Profit on disposal of right of use assets	13	**(3,872,409)**	-
Interest payable	10	**8,489,301**	9,733,593
Finance income	10	**(1,602)**	(2,667)
Dividend received from unlisted investment	9	**(6,370)**	(14,650)
Tax (income)/expense	12	**59,919**	1,418,479
Operating cash flows before movements in working capital		**25,144,170**	24,815,169
Decrease / (Increase) in inventories		**(6,344)**	(96,494)
Decrease / (Increase) in trade and other receivables		**(6,550,741)**	3,784,780
Increase / (Decrease) in trade and other payables		**(1,241,401)**	742,376
Profit on disposal of fixed asset investments	13	**(2,701,225)**	-
Cash generated by operations		**14,644,459**	29,245,831
Income tax (paid)		**143,567**	(357,319)
Net cash generated from operating activities		**14,788,026**	28,888,512
Cash flows from investing activities			
Purchase of right of use assets	22	**(25,346,640)**	(30,712,410)
Acquisition of property, plant and equipment	16	**(4,305,672)**	(3,140,834)
Proceeds from disposal of fixed assets		**12,809,539**	29,741,313
Net proceeds from disposal of fixed asset investment		**10,506,079**	-
Interest received		**1,602**	2,667
Lease interest paid	22	**(4,336,058)**	(3,825,119)
Dividends received		**6,370**	14,650
Net cash used in investing activities		**(10,664,780)**	(7,919,733)
Cash flows from financing activities			
New borrowings raised		**901,148**	1,672,774
New leases	22	**26,582,872**	30,712,410
Interest paid on borrowings		**(4,153,243)**	(5,908,474)
Repayment of bank borrowings		**(23,064,213)**	(21,600,000)
Repayments of lease capital	22	**(19,566,599)**	(16,838,018)
Net cash used in financing activities		**(19,300,035)**	(11,961,308)
Net increase in cash and cash equivalents		**(15,176,789)**	9,007,471
Cash and cash equivalents at 1 January 2021		**21,364,804**	12,357,333
Cash and cash equivalents at 31 December 2021		**6,188,015**	21,364,804

Notes to the Financial Statements

For the Year Ended 31 December 2021

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 principal activity of the Group is the provision of logistics services. The nature of the Company's operation and principal activity is that of a holding Company.

The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2021 and the comparative year ended 31 December 2020 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 2021 were authorised for issue by the board of directors on 23 August 2022 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 issued by the International Accounting Standards Board (IASB) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated financial statements are presented in GBP which is also the Group's functional currency. The Company financial statements are presented in GBP and have been prepared in accordance with FRS 102 and are on page 82 - 90.

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.

Restatement

The comparatives in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2020 have been restated to better categorise certain items. This adjustment has no impact on the profit previously reported. The changes have impacted Cost of Sales (£8,131,804 increase), Administrative Expenses (£3,942,642 decrease) and Exceptional Items (£4,189,162 gain).

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 £56,010,995 (2020: £7,386,928) at 31 December 2021 and generated a profit after tax of £3,209,153 (2020: £157,317) for the year ended 31 December 2021.

The increase in net current liabilities at 31 December 2021 has been driven by the presentation of the loan facility agreement with Permira Debt Managers. This was due repayment in December 2022 and therefore is presented within Current liabilities in the balance sheet at 31 December 2021. As set out below this entire loan facility was repaid in March 2022.

In March 2022 following a successful refinancing process the entire term loan with Permira was repaid in full. It was replaced with a new £41.5m facility with D E Shaw in the form of issued loan notes which were listed in May 2022 on the Guernsey Stock Exchange. This new facility is repayable in March 2025 with the option to further extend to March 2026 subject to certain conditions being met.

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 2024, 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.

Trading performance to the end of May 2022, for the year ending 31 December 2022, has been encouraging with the group trading slightly ahead of the 3 year plan. To mitigate against the risks of economic downturn and inflation the business has implemented its annual price increases to customers and applied a generous cost of living increase to employees to ensure continuity of business capability and to reflect the increases coming through the cost base. Focus on gross margin within the business and a recent management re-structure to focus on our three core divisions of Distribution, Primary and Logistics & Fulfilment are improving performance and give a more agile response in the event of reduced activity as a result of potential economic downturns.

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 with Permira Debt Managers 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 originally due for repayment on 15 March 2022 but in December 2021 these facilities were extended to the end of December 2022. The amount outstanding in relation to these facilities at 31 December 2021 was £40.6m. The Directors believe it is appropriate therefore to prepare the financial statements to 31 December 2021 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 2021. 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.

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.

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 – 15% reducing balance
- Motor vehicles – 25% reducing balance
- Fixtures and fittings – 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.

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.

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 22.

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.

Exceptional items

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

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.

The Group have adopted two new standards that have impacted the financial statements for the year ended 31 December 2021:

- Amendments to IFRS 16 - (COVID-19-Related Rent Concessions);
- Interest Rate Benchmark Reform - IBOR 'phase 2' (amendments to IFRS 7, IFRS 9 and IAS 39)

Amendments to IFRS 16 - (COVID-19-Related Rent Concessions)

IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction is lease payments affects only payments originally due on or before 30 June 2021; and

(c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

In the annual financial statements for the year ended 31 December 2020, the Group had elected to utilise the practical expedient for all rent concessions that meet the criteria. Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset.

By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

Interest Rate Benchmark Reform – IBOR 'phase 2' (amendments to IFRS 7, IFRS 9 and IAS 39)

As at 31 December 2021, the Group is exposed to risks arising from interest rate benchmark reform as LIBOR and EURIBOR are replaced with alternative benchmark interest rates.

The Group has early adopted Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and 16). Applying the practical expedient introduced by the amendments, when the benchmarks affecting the Group's loans are replaced, the adjustments to the contractual cash flows will be reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loans' benchmark interest rate will not result in an immediate gain or loss recorded in profit or loss, which may have been required if the practical expedient was not available or adopted.

In March 2022 following a successful refinancing process the existing bank loans were repaid in full. It was replaced with a new £41.5m facility that is charged at a rate of 12.75% above the bank of England base rate. The Group expects that the Interest Rate Benchmark Reform will not impact the Financial Statements in 2022.

New standards, interpretations, and amendments not yet effective

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

New standard or interpretation	Mandatory effective date (period beginning)
Amendments to IAS 37 (Onerous contracts)- the cost of fulfilling a contract	1 January 2022
Amendments to IAS 16 (Property, plant and equipment) - proceeds before intended use	1 January 2022
Amendments to IFRS 1 (First time adoption of IFRS), I FRS 9, and IFRS 16 - Annual improvements to IFRS 2018-2020	1 January 2022
Amendments to IFRS 3 - References to conceptual framework	1 January 2022
Amendments to IAS 1 (Presentation of financial statements) - clarity on when liabilities should be classified as current or non-current.	1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	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 2023.

The Group does not currently expect the adoption of the above standards and amendments listed will have a significant effect on the consolidated results or financial performance of the Group.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Impairment reviews

The Directors 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 15).

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 discounted 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.

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 2021 the Group has provisions relating to dilapidation costs of £147,801 (2020: £147,081).

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 £206,000 for the year ended 31 December 2021 (2020: £310,000).

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 18, 19, 20 and 21.

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4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

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:

- Distribution (formerly known as general haulage and distribution) - representing general transport and haulage services
- Primary (formerly known as linehaul) – representing provision of trunking services for certain customers using regular routes
- Logistics (formerly known as warehousing) – representing provision of warehousing 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. Unless stated, the revenue streams are recognised at a point in time.

	2021 £	2020 £
Distribution	**114,012,346**	112,440,054
Primary	**36,332,350**	31,352,187
Logistics (income recognised over a period of time)	**34,593,541**	26,960,661
	184,938,237	170,752,902

Contract balances

Details of contract balance assets and liabilities are shown on trade receivables and trade payables (see notes 18 and 20).

6. OTHER OPERATING INCOME

	2021 £	2020 £
Other operating income	**50,137**	131,823
Government grants receivable	**513,785**	3,267,154
	563,922	3,398,977

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

	2021 £	2020 £
This is stated after charging/(crediting) the following		
Employee benefit costs (note 11)	**57,606,011**	56,528,801
Cost of inventories recognised as expense	**24,756,941**	21,825,742
Foreign exchange loss/(gain)	**(5,135)**	(480)
Defined contribution scheme (note 11)	**1,383,869**	1,524,338
Depreciation of property, plant and equipment	**3,544,911**	3,141,322
Amortisation of right of use assets (note 22)	**15,058,825**	14,561,858
Gain on disposal of property, plant and equipment	**(1,397,878)**	(4,180,083)

8. AUDITOR'S REMUNERATION

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**133,045**	131,750
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	**27,760**	24,978
All other services	**11,860**	21,947
	39,620	46,925

Auditors' fees for the company were £4,200 (2020: £4,000).

9. INCOME FROM FIXED ASSET INVESTMENTS

	2021 £	2020 £
Dividends received from unlisted investments	**6,370**	14,650

10. FINANCE INCOME AND COSTS

	2021 £	2020 £
Interest expense:		
Bank borrowings	**4,133,643**	5,815,063
Interest expense on lease liabilities	**4,336,058**	3,825,119
Other interest	**19,600**	93,411
Finance cost	**8,489,301**	9,733,593
Finance income		
Bank interest receivable	**1,602**	2,667

11. EMPLOYEES AND DIRECTORS

	2021 No.	2020 No.
Average number of employees (including executive directors)		
Managerial and administrative	**358**	401
Drivers and warehouse	**1,336**	1,378
	1,694	1,779

Staff costs for the Group during the year		
Wages and salaries	**52,852,641**	52,333,871
Social security costs	**4,753,370**	4,194,930
Other pension costs	**1,383,869**	1,524,338
Total remuneration	**58,989,880**	58,053,139

Directors' remuneration

During the year, 2 directors received emoluments from the Group totalling £83,294 (2020: £63,735). During the year, retirement benefits were accruing to no directors (2020: none).

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 £2,116,901 (2020: £2,029,917).

12. TAXATION

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

	2021 £	2020 £
Current tax		
UK Corporation tax	**537**	1,625,930
Adjustments in respect of previous periods	**(145,381)**	-
Total current tax	**(144,844)**	1,625,930
Deferred tax		
Reversal of timing differences	**204,763**	(207,451)
Total taxation for the financial year	**59,919**	1,418,479

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled as follows:

12. TAXATION (Continued)

Reconciliation of taxation charge	2021 £	2020 £
Profit/(Loss) on ordinary activities before tax	**3,269,072**	1,575,796
Tax on profit/(loss) on ordinary activities at 19% standard rate of tax (2020: 19%)	**621,124**	299,401
Non-deductible income & expenses	**(305,074)**	1,219
Capital allowances in excess of depreciation	**(745,956)**	(607,718)
Dividends from UK companies	**(830)**	(12,179)
Other differences	**39,176**	(1,441)
Tax credit in respect of prior periods	**(145,381)**	-
Utilisation of loss relief	**-**	(301,454)
Chargeable gains	**596,860**	2,040,651
Total taxation (credit)/charge	**59,919**	1,418,479

Deferred tax liability		
At 1 January 2021	**879,211**	1,086,662
Charge / (credit) to profit or loss	**204,763**	(207,451)
Disposal of subsidiary	**(436,501)**	-
At 31 December 2020	**647,473**	879,211
Comprising:		
Accelerated capital allowances	**694,655**	959,209
Other timing differences	**(47,182)**	(79,998)
	647,473	879,211

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

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. EXCEPTIONAL ITEMS

	2021 £	2020 £
Profit on disposal of subsidiaries	**2,701,225**	-
Profit on disposal of right of use asset	**3,872,409**	-
Profit on disposal of property	**1,400,118**	4,189,162
	7,973,752	4,189,162

13. EXCEPTIONAL ITEMS (continued)

The investments in Urban Logistics K Holdings Limited (formerly David Hathaway Holdings Limited) and Urban Logistics K Properties Limited (formerly David Hathaway Properties Limited) were disposed of in February 2021 realising a gain of £2,701,225.

During the year, the Group exercised an option to exit a lease agreement and the right of use asset disposed. This had been part of a sale and leaseback transaction in 2020 and the resulting £3,872,409 deferred profit on disposal has been released to the profit and loss account.

During the year, a number of properties were disposed of as part of a sale and lease back agreement. The profit on disposal of these properties was £1,400,118 (2020: £4,189,162).

14. FIXED ASSET INVESTMENTS

Group	Unlisted investments	
	2021	2020
	£	£
Cost and net book value		
At 1 January 2021 At 31 December 2021	**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.

15. INTANGIBLE ASSETS

Group	Goodwill
	£
Cost	
At 1 January 2021	**51,052,320**
Additions	**-**
At 31 December 2021	**51,052,320**
Accumulated amortisation and impairment	
At 1 January 2021	-
Impairment losses	-
At 31 December 2021	-
Net book value	
At 31 December 2021	**51,052,320**
31 December 2020	51,052,320

15. 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

	2021	2020
	£	£
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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16. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Group					
Cost					
At 1 January 2020	25,591,927	4,471,547	7,698,706	2,405,159	40,167,339
IFRS 16 reclassification	-	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)	(12,824,247)
At 1 January 2021	**16,329,472**	**6,361,969**	**9,211,322**	**3,378,056**	**35,280,819**
IFRS 16 reclassification	-	1,134,441	2,569,800	322,927	4,027,168
Additions	381,255	1,232,241	889,630	1,802,546	4,305,672
Disposals	(4,986,884)	(1,592,764)	(6,021,748)	(19,186)	(12,620,582)
Disposals on sale of subsidiary	(8,350,000)	-	-	-	(8,350,000)
At 31 December 2021	**3,373,843**	**7,135,887**	**6,649,004**	**5,484,343**	**22,643,077**
Depreciation					
At 1 January 2020	1,084,005	1,105,737	1,199,315	256,976	3,646,033
IFRS 16 reclassification	-	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 1 January 2021	**1,343,656**	**2,715,754**	**2,061,098**	**550,986**	**6,671,494**
IFRS 16 reclassification	-	621,065	1,845,545	293,827	2,760,437
Charge in the year	152,943	951,895	1,765,343	674,730	3,544,911
Disposals	(717,629)	(1,362,161)	(5,197,915)	(6,389)	(7,284,094)
Disposals on sale of subsidiary	(167,000)	_	_	_	(167,000)
At 31 December 2020	**611,970**	**2,926,553**	**474,071**	**1,513,154**	**5,525,748**
Net book value					
At 31 December 2021	**2,761,873**	**4,209,334**	**6,174,932**	**3,971,189**	**17,117,328**
At 31 December 2020	14,985,816	3,646,215	7,150,224	2,827,070	28,609,325

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 22).

17. INVENTORIES

Group	2021 £	2020 £
Fuel, tyres and spares	**525,732**	519,388

There is no impairment provision in respect of inventories. Inventories represent the value of fuel, tyres and spares supplies as at 31 December 2021. 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.

18. TRADE AND OTHER RECEIVABLES

Group	2021 £	2020 £
Current		
Trade receivables	**34,581,131**	30,073,277
Less: provision for impairment of trade receivables	**(19,982)**	(56,946)
	34,561,149	30,016,331
Other debtors	**1,400,044**	1,223,113
Prepayments and accrued income	**8,844,179**	7,044,785
	44,805,374	38,284,229

The fair value of trade and other receivables approximates to book value at 31 December 2021 and 2020. The ageing of trade receivables and associated provision for impairment is detailed below:

Group	2021 Trade receivables £	Provision for impairment £	2020 Trade receivables £	Provision for impairment £
Up to 1 month	**19,321,323**	**-**	16,922,786	-
1 to 2 months	**12,408,415**	**-**	10,417,144	-
2 to 3 months	**2,148,850**	**-**	2,073,581	-
Over 3 months	**702,543**	**(19,982)**	659,766	(56,946)
	34,581,131	**(19,982)**	30,073,277	(56,946)

There are no significant receivables included within this provision.

18. TRADE AND OTHER RECEIVABLES (continued)

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

	2021 **£**	2020 £
At 1 January 2021	**(56,946)**	(98,167)
Receivable written off during the year as uncollected	**38,772**	55,032
Provision for amount considered at risk of non-collection	**(27,881)**	(22,180)
Release of provision following collection of items previously provided for	**26,073**	8,369
At 31 December 2021	**(19,982)**	(56,946)

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.

19. CASH AND CASH EQUIVALENTS

Group	**2021** **£**	2020 £
Cash at bank available on demand	**6,188,015**	21,364,804

20. TRADE AND OTHER PAYABLES

Group	**2021** **£**	2020 £
Current		
Trade payables	**17,127,783**	15,321,997
Other taxes and social security	**7,498,308**	13,413,972
Corporation tax payable	**1,296,089**	1,268,611
Accruals and deferred income	**5,416,480**	5,332,745
Other payables	**4,581,030**	1,391,398
	35,919,690	36,728,723

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 45 days *(2020: 45 days)*.

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

Group	**2021** **£**	2020 £
Non-current		
Other payables	**1,003,622**	1,408,511

21. BORROWINGS

Group	**2021** **£**	2020 £
Total current		
Bank overdraft	**19,493**	-
Bank loans	**40,652,186**	56,911
Invoice discounting facilities	**12,613,297**	13,475,102
	53,284,976	13,532,013
Total non-current		
Bank loans	**332,981**	62,249,010
	332,981	62,249,010

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. This loan has been repaid in June 2022.

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. On 30 April 2019, the loan arrangements were further amended and increased to £76,100,000

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 31 December 2022.

Arrangement fees of £1,804,560 were netted off against the amended loans. During the year, arrangements fees of £457,075 (2020: £617,378) were amortised through the Consolidated Statement of Comprehensive Income

In February 2021, the Group successfully completed a sale and leaseback of three freehold property sites across the UK. This enabled the repayment of £23.0 million in term debt.

In March 2022 the loan facility was refinanced and replaced with a new £41.5m listed loan note facility, secured by a fixed and floating charge against the assets of the group. This new facility is repayable in March 2025 with the option to further extend to March 2026 subject to certain conditions being met. See note 27 for further detail.

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

21. BORROWINGS (continued)

The maturity profile of the financial liabilities as at 31 December 2021 is set out below:

Group	2021 £	2020 £
Due within 1 year		
Bank loans and overdrafts	**40,671,679**	56,911
Invoice discounting facility	**12,613,297**	13,475,102
Due between 2 and 5 years		
Bank loans	**292,326**	62,097,595
Due after 5 years		
Bank loans	**40,655**	151,415
	53,617,957	75,781,023

In March 2022 the loan facility was refinanced and replaced with a new £41.5m listed loan note facility, secured by a fixed and floating charge against the assets of the group. This new facility is repayable in March 2025 with the option to further extend to March 2026 subject to certain conditions being met.

22. LEASES

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

- 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.

22. LEASES (continued)

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.

Right-of-use assets	Freehold property £	Plant, machinery and motor vehicles £	Total £
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**
At 1 January 2021	46,211,294	24,050,299	70,261,593
Additions	20,549,949	4,796,691	25,346,640
Disposals	(3,336,867)	(4,293,303)	(7,630,170)
Transfer to fixed assets	-	(1,266,732)	(1,266,732)
Amortisation	(7,993,245)	(7,065,580)	(15,058,825)
At 31 December 2021	**55,431,132**	**16,221,375**	**71,652,507**

Leases			
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**
At 1 January 2021	60,304,474	22,621,901	82,926,375
Additions	21,950,068	4,632,803	26,582,871
Disposals	(5,367,084)	-	(5,367,084)
Interests	3,466,401	869,657	4,336,058
Lease payments	(11,085,827)	(12,816,830)	(23,902,657)
At 31 December 2021	**69,268,032**	**15,307,531**	**84,575,563**

22. LEASES (continued)

Ageing	Within 1 year £	Due between 1 and 5 years £	Due after 5 Years £	Total £
At 31 December 2021	18,325,448	40,124,643	26,125,472	84,575,563
At 31 December 2020	17,294,613	37,934,937	27,696,825	82,926,375

Minimum undiscounted lease payments	Within 1 year £	Due between 1 and 5 years £	Due after 5 Years £	Total £
At 31 December 2021	20,436,217	51,312,866	27,308,892	99,057,975
At 31 December 2020	19,462,590	40,567,952	23,831,441	83,861,983

23. SHARE CAPITAL

Group	2021 £	2020 £
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
225,000 Ordinary D shares of £0.00001 each	2	-
	244	242

During the year the company issued 225,000 Ordinary D shares with a nominal value of £0.00001 for a total of £2.

The Ordinary B shares of £1 carry no voting rights or rights to dividends. The Ordinary C and Ordinary D 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 and Ordinary D shares of £0.00001 are not entitled to dividends until certain financial liabilities are repaid in full.

24. PROVISIONS

Group	Dilapidations £
Non-current	
At 1 January 2021	147,081
Released in the year	-
At 31 December 2021	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.

25. 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:

2021		Sales to related party £	Purchases from related party £	Balance owed by related party £	Balance owed to related party £
Acorn Capital Partners Limited	a	-	163,226	-	-
Mondil Limited	b	-	154,167	-	-
Motzab Limited	c	-	189,868	-	-
B&L Partnership Limited	c	-	158,700	-	14,400
Foulger Warehousing Limited	c	-	451,938	-	-
Cammack Properties Limited	d	5,685	78,058	572	14,680
Partnerlink Limited	e	91,809	9,289	23,268	-

25. RELATED PARTY TRANSACTIONS (continued)

2021		Sales to related party £	Purchases from related party £	Balance owed by related party £	Balance owed to related party £
Margaret Hall Limited	f	**15,311**	**-**	**-**	**-**
Lintz Green Farms Limited	g	**-**	**2,315**	**-**	**-**
PB Designs and Developement Limited	h	**69,235**	**-**	**14,284**	**-**

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
Partnerlink Limited	e	-	48,763	7,117	49,554
Margaret Hall Limited	f	12,420	-	783	-
Lintz Green Farms Limited	g	152	-	83	-
PB Designs and Development Limited	h	52,539	-	13,648	-

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

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

g) 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.

h) M Crocker, a director of David Hathaway Transport Limited, which is a wholly owned subsidiary of Kinaxia Limited, is a close family member of a director of PB Design and Development Limited

Key management personnel

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

26. 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 £1,383,869 (2020: £1,524,338). Contributions totalling £245,321 (2020: £362,723) were payable to the fund at the balance sheet date.

27. POST BALANCE SHEET EVENTS

In March 2022, following a successful refinancing process the entire term loan facility agreement from Permira Debt Managers was repaid in full. It was replaced with a new £41.5m facility provided by D E Shaw in the form of issued loan notes which were listed in May 2022 on the Guernsey Stock Exchange and purchased through Delalv Cayman C GBP Ltd. The loan note carries an interest charge of 12.75% plus SONIA per annum. This facility is secured by means of a fixed and floating charge against the assets of the group. This new facility is fully repayable in March 2025 with the option to further extend to March 2026 subject to certain conditions being met.

In June 2022 the loan held in Ensco 898 Limited was fully repaid.

This successful refinancing process provides certainty to the Group in the short term allowing it to focus on delivering its strategic objectives.

28. CONTROLLING PARTY

There is no overall controlling party.

29. NOTES SUPPORTING STATEMENT OF CASH FLOWS

	Non-current loans and borrowings £	Current loans and borrowings £	Total £
At 1 January 2020	81,392,506	14,315,743	95,708,249
Cash flows	(19,551,166)	(375,361)	(19,926,527)
Non-cash flows	-	-	-
At 1 January 2021	61,841,340	13,940,382	75,781,722
Cash flows	(61,508,358)	38,096,370	(23,411,988)
Non-cash flows	-	-	-
At 31 December 2021	**332,982**	**52,036,752**	**52,369,734**

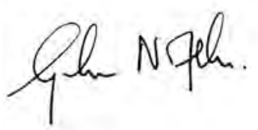
Company balance sheet

As at 31 December 2020 Registered Number: 07466536

	Notes	2021 £	2020 £
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	**9,549,638**	9,841,841
Cash and cash equivalents	7	**234,749**	32,876
Total current assets		**9,784,387**	9,874,717
Liabilities			
Current liabilities			
Trade and other payables	8	**404,993**	401,443
Total current liabilities		**404,993**	401,443
Net current assets		**9,379,394**	9,473,274
Net assets		**18,093,759**	18,187,639
Equity			
Share capital	9	**244**	242
Share premium		**11,841,036**	11,841,036
Retained earnings		**6,252,479**	6,346,361
Total equity attributable to the owners of the Company		**18,093,759**	18,187,639

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 £93,882 (2020: £36,755).

The financial statements on pages 82 - 90 were approved by the Board of Directors and were signed on its behalf by:



G R Norfolk, Director
Date: 23 August 2022

The accompanying notes form part of these financial statements.

Company statement of changes in shareholders' equity

For the Year Ended 31 December 2021

	Note	Called Up Share Capital	Share Premium reserve	Retained Earnings	Total Equity
		£	£	£	£
At 1 January 2020		242	11,841,036	6,383,116	18,224,394
Loss for the year		-	-	(36,755)	(36,755)
At 31 December 2020		**242**	**11,841,036**	**6,346,361**	**18,187,639**
Loss for the year		-	-	(93,882)	(93,882)
Shares issued		2	-	-	2
At 31 December 2021		**244**	**11,841,036**	**6,252,479**	**18,093,759**

Notes to the company financial statements

1. SIGNIFICANT 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 2021. 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.

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 £56,010,995 (2020: £7,386,928) at 31 December 2021 and generated a profit after tax of £3,209,153 (2020: £157,317) for the year ended 31 December 2021.

The increase in net current liabilities at 31 December 2021 has been driven by the presentation of the loan facility agreement with Permira Debt Managers. This was due repayment in December 2022 and therefore is presented within Current liabilities in the balance sheet at 31 December 2021. As set out below this entire loan facility was repaid in March 2022.

In March 2022 following a successful refinancing process the entire term loan with Permira was repaid in full. It was replaced with a new £41.5m facility with D E Shaw in the form of issued loan notes which were listed in May 2022 on the Guernsey Stock Exchange. This new facility is repayable in March 2025 with the option to further extend to March 2026 subject to certain conditions being met.

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 2024, 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.

Trading performance to the end of May 2022, for the year ending 31 December 2022, has been encouraging with the group trading slightly ahead of the 3 year plan. To mitigate against the risks of economic downturn and inflation the business has implemented its annual price increases to customers and applied a generous cost of living increase to employees to ensure continuity of business capability and to reflect the increases coming through the cost base. Focus on gross margin within the business and a recent management re-structure to focus on our three core divisions of Distribution, Primary and Logistics & Fulfilment are improving performance and give a more agile response in the event of reduced activity as a result of potential economic downturns.

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 with Permira Debt Managers 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 originally due for repayment on 15 March 2022 but in December 2021 these facilities were extended to the end of December 2022.

The amount outstanding in relation to these facilities at 31 December 2021 was £40.6m.

The Directors believe it is appropriate therefore to prepare the financial statements to 31 December 2021 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 2021 the carrying value of investments were £8,714,365 (2020: £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 2021 the carrying value of receivables was £nil (2020: £nil).

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 £93,882 (2020: £36,755). The average monthly number of employees, including the directors, during the year was 2 (2020: 2).

4. AUDITORS' REMUNERATION

Auditors' fees for the company were £4,200 (2020: £4,000).

5. FIXED ASSET INVESTMENTS

Company **Investment in subsidiary undertakings**	**2021** **£**	2020 £
Cost and net book value		
At 1 January 2021	**8,714,365**	8,714,365
Additions	**-**	-
At 31 December 2021	**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	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, Europa Way, 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)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF

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 Transport Limited	General haulage and warehousing (b)	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

The investments in Urban Logistics K Holdings Limited (formerly David Hathaway Holdings Limited) and Urban Logistics K Properties Limited (formerly David Hathaway Properties Limited), both held by Kinaxia Transport and Warehousing Limited, were disposed in February 2021.

6. TRADE AND OTHER RECEIVABLES

Company	2021 £	2020 £
Current		
Trade receivables	-	-
Less: provision for impairment of trade receivables	-	-
	-	-
Amounts owed by Group undertakings	**9,548,824**	9,840,824
Other debtors	**814**	1,017
	9,549,638	9,841,841

7. CASH AND CASH EQUIVALENT

Company	2021 £	2020 £
Cash at bank and in hand	**234,749**	32,876

8. TRADE AND OTHER PAYABLES

Company	2021 £	2020 £
Current		
Trade creditors	**3,550**	-
Amounts owed to Group undertakings	**400,000**	400,000
Other taxes and social security	-	-
Other payables	**1,443**	1,443
	404,993	401,443

Continued overleaf.

9. SHARE CAPITAL

	2021 £	2020 £
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
225,000 Ordinary D shares of £0.00001 each	**2**	-
	244	242

During the year the company issued 225,000 Ordinary D shares with a nominal value of £0.00001 for a total of £2.

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

12. POST BALANCE SHEET EVENTS

In March 2022, following a successful refinancing process, the entire term loan facility agreement from Permira Debt Managers was repaid in full. It was replaced with a new £41.5m facility provided by D E Shaw in the form of issued loan notes which were listed in May 2022 on the Guernsey Stock Exchange and purchased through Delalv Cayman C GBP Ltd. The loan note carries an interest charge of 12.75% plus SONIA per annum. This facility is secured by means of a fixed and floating charge against the assets of the group. This new facility is fully repayable in March 2025 with the option to further extend to March 2026 subject to certain conditions being met.

In June 2022 the loan held in Ensco 898 Limited was fully repaid.

This successful refinancing process provides certainty to the Group in the short term allowing it to focus on delivering its strategic objectives.

Kinaxia Limited

Adlington Industrial Estate
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