Kinaxia Limited

Adlington Industrial Estate
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Company No. 07466536

Company No.07466536

2019

Kinaxia Limited

Annual Report and Financial Statements

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Company information

Directors
G R Norfolk and P R Fields

Registered number
07466536

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

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

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

Kinaxia Group strategic report

Introduction

The directors of Kinaxia Limited are pleased to share their strategic report and financial statements for the year ended 31 December 2019.

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

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

Principal activities and performance

The principal activity of Kinaxia Limited is the provision of logistics services.

The core areas of the business are:

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

Review of Business

Financial highlights

- Revenue growth of 48%; an increase of £55.0 million year on year.

	2019	2018
	£000's	£000's
Revenue	**169,975**	**114,907**

- Earnings before interest, tax, depreciation and amortisation (EBITDA) up 73% as follows:

	2019	2018
	£000's	£000's
Profit from operating activities	6,798	3,703
Depreciation	3,171	5,597
Amortisation on right use assets	6,139	-
EBITDA	**16,108**	**9,300**

Key Highlights:

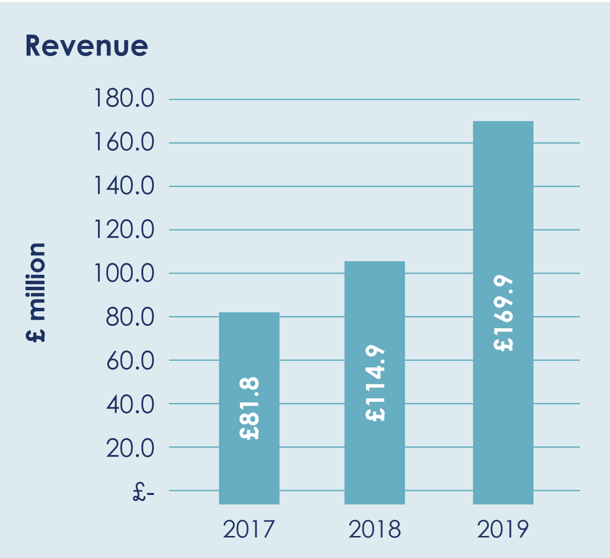
- Revenue increased 47.9%, reflecting the full year effect of two 2018 acquisitions and the impact of the additional business acquired during 2019.
- EBITDA for the year was up £5.078 million to £16.107 million. This is after the impact of IFRS 16 and was in line with expectations given improvements in gross margin and strong organic business growth made during the year. The directors are satisfied with the performance for the year.
- 2019 continued to be a year of significant investment within several key areas of Kinaxia as follows:
  - Investment in acquisitions
  - Investment in new warehousing systems and capability
  - Investment in the Senior Management Team capability

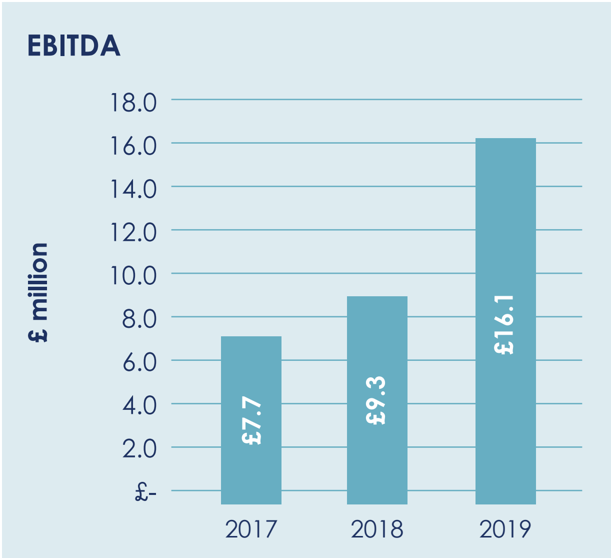
  We have started to see these benefits in 2019 and expect to see further benefits in future years.
- The Senior Management Team increased to support business development growth and continued delivery of key integration projects including IT systems and operational process.
- Development of our in-house Corporate Social Responsibility agenda has progressed rapidly during the year and continues to receive focus during 2020.
- The acquisition of David Hathaway Holdings Ltd during the year took the group to approximately 930 trucks and 1,793 employees, operating 2.0 million square feet of warehousing. This allows the Group to meet the distribution and warehousing requirements for a wide range of businesses across the UK.

Key highlights of 2019

Revenue
£169.9 million

47.9% Increase





Group Statistics

Square feet of warehousing
2,000,000

Vehicles in fleet
930

Operating businesses in Group
13

People

Started year with **1,539**

Ended year with **1,793**

Key movements

CEO report: Simon Hobbs

2019 saw our Kinaxia Group continue its journey to becoming a top 10 UK Warehousing & Distribution business with further acquisitions and investments in its technology, infrastructure, and leadership team.

The AKW and Fresh Freight acquisitions of late 2018 were integrated into our operational infrastructure, as was the May 2019 acquisition of David Hathaway Transport – providing us with another strong and successful family business and a gateway into the South West region. Our strategy to further develop our UK warehousing capabilities saw us implement a 32,500 square metre Trafford Park facility, a modern high-quality HMRC bonded warehouse with capacity for storing 60,000 standard pallets. In total, in 2019, we added over 45,000 square metres of BRC (British Retail Consortium) quality warehousing to our existing UK footprint.

To support our strategic objectives, we continued investing in our operating systems and our people. A new Traffic Management System was implemented at several locations with the objective of having all our operating centres on this standard Stirling system by December 2020. Similarly, we implemented leading JDA Warehouse Management Systems at our DIRFT facility and again will have this standard system implemented at our major UK warehouses during 2020. This will provide us with the ability to offer a consistent national service across all our 13 regional businesses and continue the development of our "family of families" proposition.

Further appointments were made to strengthen the Group's UK Leadership team with Vanessa Hope, our Sales & Marketing Director, joining us in June 2019 and Anne-Marie Pattinson, Group IT Director in October 2019.

Kinaxia's commitment to investment in Technology was further demonstrated with the appointment of Head of Infrastructure in early 2020. As part of our commitment to investing in our employees, we created a new central role of Training & Development Manager to work alongside our 13 businesses in the development of our UK colleagues.

We continue to implement new technology across the fleet, enabling us to measure and improve our efficiency, minimise our environmental footprint, provide visibility of our entire fleet, and enhance the safety of our employees.

We have in place a UK infrastructure and the technology to support the continued organic growth of our business. 2020 will see us launch our Product Strategies, which will ensure we have a consistent and scalable UK approach to all our services across all businesses. We will invest in additional Business Development resources to grow our existing and new services, we will expand existing local services to other regions, and we will continue to develop the Account Management of our strong customer base to protect and grow the Kinaxia Group.

As a Group we remain on track with our strategy to become a top 10 Warehousing and Distribution company known for its commitment to service and its 'family of families' ethos.

Simon Hobbs

Covid-19

March 2020 saw the Coronavirus pandemic impact our UK economy and our Kinaxia business. We saw an immediate reduction in activity across our UK business of circa 30%. The strengths of our decentralised structure enabled our business to react incredibly swiftly, with a reduction of staff and vehicles in excess of the volume reduction. Despite prolonged volume reductions, the group was performing in line with pre Covid budget expectations from May. In July and August the group right sized its employee and vehicle resources in line with demand. As of August 2020 volumes had returned to 97% of 2019 levels.

Operational highlights

Operations continue to surge ahead for Kinaxia in 2019 with 3 major projects:

1. **Expansion of our intercompany activity.**
2. **Development of our IT systems and technology.**
3. **Establishment of an Executive Committee to oversee Kinaxia Group operational performance and delivery, ensuring the most effective and efficient utilisation of resources.**

In 2018, we introduced our K-Link operation designed to promote and enhance intercompany trading through a hub-style operation, allowing us to move towards a more localised delivery service.

In 2019, we have developed this to include direct trunking between member companies, meaning we can now establish volume flows between different parts of the country.

This helps foster our 'family of families' approach. Collecting the freight on our own vehicles and using our internal trunking network gives us greater visibility and flexibility.

With the majority of our operations on the same Transport Management Systems, this enables planning to take place as soon as the order is on our system. The next step will take us to planning at the point of collection.

As a result of intercompany trucks not needing to go through a hub network, coupled with our efficient planning systems, we are able to offer premium services to customers.

This is supplemented by our K-link operation, controlled through our central system at Panic Transport in Rugby, managing transhipping orders and cross dock operation for all Kinaxia companies.

The philosophy is by keeping as much volume as possible on Kinaxia vehicles and IT systems, without third party involvement, Kinaxia can provide a unique service, unrivalled by most UK transport operations.

For our IT systems, all companies and operations are being upgraded to the same version of the same transport management system. Through standardisation and creating a uniform approach, this has already improved the flow of information within the group and allowed best practice to be rolled out locally using a centralised model. Our next stage is to create a central repository of information (data warehouse) to evaluate the impact of change and focus our efforts to streamline services and give maximum satisfaction.

Through development of our in-house operation, customer visibility will be 100% transparent at every touch point in the process from collection through to delivery and sign on glass.

Within our warehouse operations, JDA dispatcher is being introduced in our Manchester operations, replacing our existing systems. We are also introducing Descartes at the same time for management of our wet bond. Similarly to transport, this will fully align our warehouse operations on the same systems and allow clean exchange of data.

To drive our business forward, Kinaxia has created an Executive Committee comprising of subsidiary MDs and Group Directors. This is a major step forward in devolving the decision making for operational matters to the people at the forefront. It also generates a competitive edge in KPI management and allows ideas to be shared and developed within the team.

One major feature is the ownership of projects which are cross-functional and intercompany, allowing MDs to sponsor and manage projects across the business interacting within other companies and businesses to draw on experience, and allow MDs to use and develop their skills as a group resource.

As a result of the post year end Covid-19 outbreak we have effectively implemented Covid initiatives to ensure our workplaces are fully Covid compliant. This has involved segregated work areas, provision of Personal Protective Equipment and sanitisation stations, utilisation of screens and all locations have risk assessments in place. We established a Covid risk committee to co-ordinate these actions across the Group. We also have the capability using technology to effectively use home working as required.

Compliance

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

This key groupwide initiative remains a non-negotiable board-level commitment and we believe that this is best achieved by ensuring strong compliance training and leadership throughout. Therefore, each operating location is supported by onsite teams delivering across all areas of compliance, health and safety, and driver training.

Our key objective for 2019 was to continue the development and implementation of group-wide standardisation to ensure the accurate reporting of key data for the onsite management and wider board. Strong monitoring and reporting of all compliance and health and safety at all operating levels has enabled the identification of additional training needs for employees. This has been achieved through the expansion and development of our group-wide Compliance and HSE team, including Directors, Regional Managers and local on-site managers, supported by a strong team of driver trainers. In line with the expansion of Kinaxia Warehousing operations we recruited a senior HSEQ group manager to the team.

FORS (Fleet Operators Recognition Scheme) was originally implemented in 2017 across the Group and continues to be the standard that we utilise. FORS 5 has now been implemented across all operating companies, including our 2019 acquisitions. Internally we have developed and implemented an online process for the reporting and auditing of all operations to facilitate our continued FORS development. As a result, in 2019, we passed every external audit by the governing body.

Working under the FORS 5 standard, each driver completes an in-depth induction and is provided with the Kinaxia Driver's Handbook upon commencing employment. Our Kinaxia Handbook outlines all the information they need to work safely and professionally, including specific safety initiatives around driving and handling vehicles. These compliance procedures continue to be developed to ensure we always keep drivers and members of the public safe. Additionally, we have a continuous review process that considers all current safe systems of work and risk assessments with these being amended across all areas of operations as appropriate.

We have developed a close working relationship with the governing bodies within our sector, such as the RHA (Road Haulage Association), and have recently worked with the RHA to develop their new National Member Safety videos to be rolled out to all members. We are particularly proud to have been selected to provide access to our fleet and depots for this national safety initiative. Specific focus is given to vulnerable road users, providing important guidance on safeguarding all road users, pedestrians and cyclists. We have continued to develop our extensive internal library of Toolbox talks aimed at ensuring that the highest levels of safety and compliance are maintained. These are constantly being reviewed and rolled out through one-to-one training by onsite driver trainers and Compliance HSE team members to ensure we continue to develop our highly skilled and trained workforce.

Telematics implementation was a major project during 2019. We conducted a detailed review of all suitable products in the market and tested a shortlist. This led to the selection and implementation of Verilocation Trailer Tracking across the group trailer fleet to enable the tracking, monitoring and management of all trailers. We also selected an online handheld safety system Checkedsafe, which is used by all drivers on their pre vehicle checks. This links directly to our transport management teams and workshops to provide a 100% accurate system.

In addition, we selected BlueTree (ORBCOMM) as our tractor unit telematic system. BlueTree is an advanced product that enables full vehicle telematics reporting remotely in real time. Using BlueTree, we are able to monitor all vehicle data such as speed, MPG, acceleration, braking and harsh cornering. Our driver trainers can utilise the live data in driver debriefs to improve driver behaviours and deal with any possible driver infringements. BlueTree is already helping us groupwide to increase vehicle efficiencies, which in turn will lead to higher levels of road safety and group financial performance. All our telematics systems are reviewed daily to monitor the impact of initiatives and training programmes. This monitoring will continue to ensure compliance with all DVSA regulations.

We continue to work closely with our insurers to deliver ongoing driver awareness and training through third party external experts, raising awareness and acting as a learning and preventative mechanism for drivers. We are currently in the final test stages regarding the selection of a groupwide 360-degree camera system for vehicles that will be linked to our current telematics platform to enable visibility of real time footage. We expect this implementation to take place during 2020.

Kinaxia compliance, health and safety teams continue to work to the highest standards to ensure that all necessary accreditations are maintained and delivered across all operating areas. We operate very strict audit processes and these, along with 'deep dive'reviews are carried out on all sites by senior management every Quarter. We remain heavily governed by national standards and continue to ensure these standards, such as British Retail Consortium (BRC), are maintained and accredited.

As a result of the post year end Covid-19 outbreak we have effectively implemented Covid initiaitives to ensure our workplaces are fully Covid compliant. This has involved segregated work areas, provision of Personal Protective Equipment and sanitisation stations, utilisation of screens and all locations have risk assessments in place. We established a Covid risk committee to co-ordinate these actions across the Group. We also have the capability using technology to effectively use home working as required.

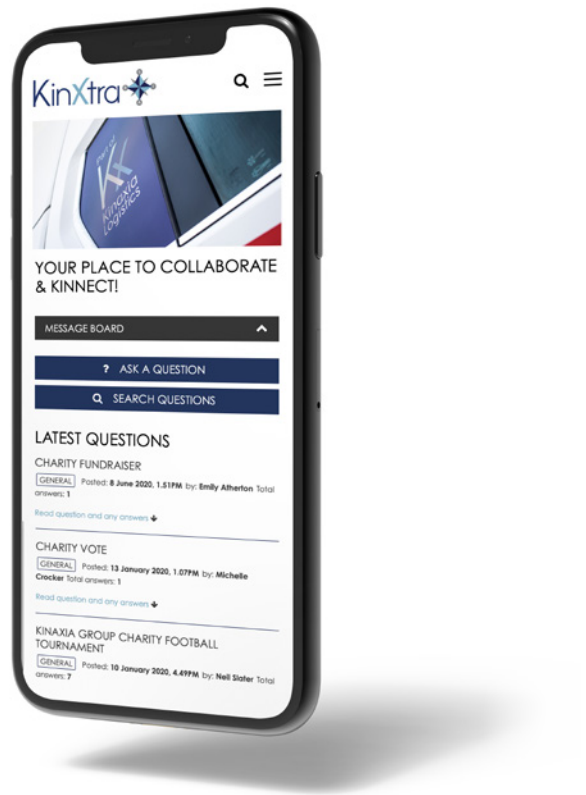
Marketing and brand

As part of Kinaxia's brand strategy, the focus is now to ensure the development and communication of brand values through internal and external visual consistency, as well as promoting Kinaxia's growing service capabilities and core values.

To deliver the core values and capabilities, the values were revisited keeping "The STAR" mnemonic at the core, but ensuring we were bringing the group together whilst recognising the core values must centre around Safety first.

In line with a drive to improve engagement with employees and customers, 2018 saw the development of the magazine-like group newsletter Kinnect, with 2019 seeing in the launch of Kinxtra our online portal.

We have also invested in a group wide extranet, which will become a professional sharing platform accessible to all staff. To further engage customers, a new website is currently under development. This will streamline accessibility through one common page uniting the group subsidiaries.



We are guided by our STAR values

SAFE

Safety first, every time. We take great care of each other, our customers and the environment in everything we do.

ATTENTIVE

We actively listen to our colleagues and our customers' needs and work together as part of a family.

TALENTED

We actively encourage our teams to be agile, creative and efficient. We are constantly developing our talent.

RELIABLE

We can be trusted and relied upon to deliver a consistent World-Class-Local service every time.

Sales and account management

As the group continues to grow, there is an increasing opportunity to combine sales efforts across the subsidiary businesses in harmony with operational developments.

In 2019 there were new customers won through the group working more closely together, sharing resources, capacity, and expertise.

The focus throughout 2019 was on the top 25 customers in each business unit and rolling out account management plans, which will see further growth within the accounts as we look to increase our portfolio of products with each client and through client retention.

Account management planning and best practice are being rolled out into all accounts throughout 2019/2020. All companies across the group are now on CRM (Customer Relationship Management) software. This provides visibility group-wide on the pipeline of new business to allow for strategic planning of projects as we move forward into 2020.

Warehousing

Contract Packing

Freight Forwarding

Corporate social responsibility

Corporate social responsibility

Kinaxia is very aware of its environmental footprint and the responsibilities it has to the environment in all its activities and operations. The logistics industry underpins the economy; however, this also has a significant impact on the environment. Many actions have been takes across the group to reduce this.

Decreasing Emissions:

We have:

- Increased the number of the latest Euro 6 fuel efficient trucks in our fleet from 2018's figure of 63% to 72% in 2019.
- Increased the number of longer length trailers and double-decker trailers in our fleet enabling us to increase our capacity per trip.
- Expanded the number of vehicles on telematics across the group. In 2018 we had 53% of our fleet fitted with telematics, this year we have seen this rise to 70% of our fleet, giving us a better picture of performance. Late 2019 saw us begin to fit one group-wide telematics system. Having all vehicles under one telematics system will improve the accuracy of the data being produced and let us target idling and MPG fleet wide.
- Proactively worked with our customers to reduce the empty miles, cost and ultimately CO_2, supporting our customer's needs for a sustainable supply chain.
- **Alternative Fuels:** Kinaxia is committed to looking at new alternative fuels for its operations. We have looked at the future and the future is not diesel. Below are some of the ways we have reduced our use of diesel fuels so far.
    - Up to 71% of Forklift trucks in our fleet are non-diesel, with 30% of them being electric and 41% being gas powered.
    - 2019 saw us increase the amount of renewable electricity used in our depots with half of our companies supplied by renewable energy. We will continue with this initiative into the coming years as contracts with non-renewable suppliers' end.
- Kinaxia has implemented many initiatives to decrease its carbon emissions but we realise there is always more to do. In 2020 we are looking to trial gas vehicles and other none fossil-fuel based diesel, increasing our commitment to more renewable based energy.

Increasing Efficiencies:

- LED lights are used across the group, reducing the amount of energy and electricity used.
- Several of our truck washes recycle the water they use.
- Energy Saving Programmes in offices across the group are used to decrease the amount of energy used.

Recycling:

Kinaxia's subsidiaries produce and store hazardous and non-hazardous waste in the workshops, warehouses, and offices. All companies use reputable waste management suppliers whilst recycling cardboard and plastics and disposing of hazardous waste properly. In 2020 we will look to have one supplier for our hazardous and non-hazardous waste to help us report how much we are disposing; this will allow us to formulate plans to drastically reduce the waste we create.

In late 2019, we looked to consolidate our secure paper destruction across the group. We have joined with ShredStation a carbon neutral paper destruction service. This has allowed us to strengthen the security of data in operations whilst recycling all paper used.

DC115: Efficient Warehousing

Our warehouse on DIRFT east site in Northampton has been open for a full year. It provides a wide range of innovations ensuring customers a sustainable supply chain.

- The initial build received a BREEAM Sustainability Rating of 80.4% (Excellent), this put the warehouse in the top 10% (best practice) of buildings.[1]
- All Forklift Trucks are Electric in the warehouse, decreasing carbon emissions and improving air quality.
- The roof has state of the art solar panels, fitted with tesla batteries; the energy is then harvested and utilised around the site. If electricity is used from the grid, the site uses a renewable energy provider. The site's energy use per square meters is well below average.[2]
- The warehouse also harvests rainwater, this is then used in the toilets across the site decreasing the amount of water being used.
- LED lights are fitted across the whole site with motion sensors fitted, so the lights are only used when necessary, further decreasing the amount of electricity used.

[1] https://www.breeam.com/NC2018/content/resources/output/10_pdf/a4_pdf/print/nc_uk_a4_print_mono/nc_uk_a4_print_mono.pdf page 34. [2] From Fabriq software used to monitor the sites energy consumption.

Community:

2019 was a fantastic year for community initiatives across the Group with numerous initiatives at a Group level and the subsidiary businesses also partaking in activities at a local level. All activities and achievements are celebrated in an internal newsletter, Kinnect, and on our social media pages. This year we saw the implementation of our depot champion programme, in which an employee from each depot provides regular feedback to the Group's Marketing Team about positive stories going on at a local level whilst also helping to promote and encourage group charity initiatives in the business.

Our Group Charity Events this year saw thousands of pounds donated to various charities. Here are a few of the events from 2019.

- Truck Fest events raised money for Help for Heros through games at each show.
- New Partnership with St Helen's Rugby Football Club.
- Employees participated in Wear it Pink.
- Macmillan Coffee Morning saw employees around the group bake to raise money.
- Christmas at Kinaxia:
  - Christmas Jumper Day in aid of Quidenham Children's Hospice and East Anglian Air Ambulance.
  - Donated to Transaid Christmas Appeal: Gold Package.
  - Cash for Kids Christmas Appeal: employees around the group donated hundreds of presents for less fortunate children in the UK.

Alongside charity work and following our 'Family of Families' ethos; we encourage the individual companies to continue to participate in local community events. Some of these include participating in Pride events, hosting a summer bash in aid of a local charity, donating to local charities, sponsoring water pumps, and sponsoring local running groups. Each location provides local employment opportunities for the local communities. On top of this, many of our companies work with local schools to promote the industry to younger people to help address the age gap in our industry.

Towards the end of 2019 we set in motion plans to organise a vote across the group for a Charity of the Year for 2020. Our charity events throughout 2020 will be in aid of this charity.

Business Ethics:

Kinaxia has multiple policies in place to ensure the business is working ethically at every level of our value chain. Management also partake in Toolbox Talks, to regularly update staff on key policies:

- Equal Opportunities Statement
- Anti-Bribery and Corruption Policy
- Modern Slavery and Human Trafficking
- Whistleblower Policy

People

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

We now employ c1,750 colleagues across the Group who are integral to the continued success and growth of our business.

Training and Development

We consider the training and development of our people as a key accountability of our management team and empower them to create an engaged workforce that is contributing to the overall performance of the business. By providing our people with the required training, they can be successful within their role and access the opportunity to realise their potential within the business.

To further enhance our training and development programme, we have recruited a Group Learning and Development Manager who will focus on the creation and implementation of a Learning and Development 3-year strategic plan which will be aligned to the group's business objectives.

In addition to expanding our apprenticeship programme, we have also been looking to develop our current employees by working with a national provider to deliver Business Improvement Techniques and level three Traffic Office Apprenticeships.

Leadership and Management

To grow as a business, and meet our strategic targets, we value the importance of an effective leadership and management team. To develop this strategy, we identify potential talent through competency assessments and the creation of individual Personal Development Plans to enhance our succession planning pipeline.

To develop our managers' skill sets when dealing with employee-related issues, we have created a set of management Toolbox Talks. Moving forward, these sessions will be delivered to all existing managers and form part of the management training programme to be rolled out in 2020.

An HR Best Practice Framework has been developed to ensure consistency in management approaches and further the leadership team's knowledge of HR management practices. Annual audits of each subsidiary business will be conducted to ensure best practice and compliance with our People Strategy.

Disabled Employee Policies

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Recruitment

Ensuring we have the right people, in the right jobs at the right time is essential to the successfully delivery of our internal values; Safe, Talented, Attentive, Reliable.

To achieve this, we have a robust recruitment process in place, led by our own internal Recruitment Department, which focuses on recruiting individuals with both the relevant skill set and competencies required to maintain our high levels of customer service.

An essential part of the recruitment process is how we integrate a new employee into the business. A Group Onboarding Process has been created to provide employees with the resources and knowledge required to become successful, engaged and part of the Kinaxia Group.

Employee Engagement

An Employee Engagement Strategic Plan has been established to create a culture of engagement. The aim is to give employees a 'sense of belonging' and be motivated to contribute to the Group's success. The plan will be rolled out in 2020 and will build on the current initiatives implemented.

Communication is a key element of employee engagement; therefore, a bi-annual Employee Engagement Newsletter has been created. The newsletter highlights all the key areas discussed at the Employee Engagement Workshop and provides employees with business updates.

The Employee Benefits Platform has been consolidated, simplifying the registration process for employees. The platform has been modernised and includes enhanced benefits with discounts on numerous activities, goods, and gym membership. It also now has a Health and Wellbeing section with advice on healthy living.

Our Apprenticeship Programme

In 2018 we implemented a centrally managed Group Apprenticeship Programme to address the industry skills shortage and encourage young people into the logistics industry. Kinaxia has set an aim to recruit apprentices to reach a target of 3% of employees. This year we have worked in partnership with a central provider to offer a choice of apprenticeship schemes designed to meet both the current and future demands of the business. A new apprenticeship career page on the Kinaxia Logistics website has also been added. These new initiatives, along with attending local recruitment fairs, will help us strive to attain the 3% target.

Kinaxia Logistics Directors

Graham Norfolk ACA, *Director*

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

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

Dr Peter Fields, *Director*

Peter is a shareholder and founder of Kinaxia Ltd. Peter has a PhD in Chemical Engineering and spent 15 years with ICI plc working in a variety of senior management roles.

He also has a degree in psychology and degrees in law as well as having been called to the Bar.

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

Ben Warrillow FCMA, *Group Finance Director*

As Finance Director and a member of the Kinaxia Board, Ben has worked on numerous acquisition projects for Kinaxia and has responsibility for financial reporting and statutory compliance across the Group.

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

Barry Germany, *Group Commercial Director*

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

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

Simon Hobbs, *CEO*

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

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

Senior Management team

Vanessa Hope, *Group Sales & Marketing Director*

Vanessa was appointed as Group Sales and Marketing Director in June 2019, following a rich history in Business Development. Vanessa has held senior positions for Clipper Logistics, Kuehne & Nagel and DHL, before joining Kinaxia in 2019.

Mark Stevenson, *Compliance, Recruitment & Training Director*

Mark has worked across global organisations for over 25 years, before joining Kinaxia Logistics in 2018 as Compliance, Recruitment and Training Director.

Alistair Wood, *Group Operations Director*

Alistair was appointed as Operations Director for the group in 2018. A fellow of the Chartered Institute of Logistics and Transport and a Mathematics graduate, Alistair has held Senior Management and Director positions with Kuehne + Nagel, Regatta, Fraikin, and Lyreco with a strong background in change management.

Debbie Blackwell, *Group HR Manager*

Debbie has over 20 years' experience working in HR, before joining Kinaxia Logistics as Group HR Manager in 2016.

Anne-Marie Pattinson, *IT Director*

After a career in ERP software development and consultancy for leading software houses, Anne-Marie has performed a number of IT and Business Transformation Director roles in UK and Europe within a wide range of industry sectors including FMCG, Distribution, Warehousing and Manufacturing. Anne-Marie joined Kinaxia as Group IT Director in 2019.

James Hathaway, *Group Fleet Manager*

James started his career as a mechanic, before progressing through the ranks learning all aspects of fleet management in his 25 years in the industry. He previously worked as Fleet Director for DHTL before being promoted to Group Fleet Manager in January 2020.

Company managers

Bay Freight
Danny Bailey
Managing Director

Lambert Brothers
Eddie Elmslie
Managing Director

FOULGER
Sue Pye
Managing Director

MARK THOMPSON TRANSPORT
Mark Thompson
Managing Director

William Kirk
Carl Wagstaffe
Managing Director

AKW
Julian Richards
Global Logistics Managing Director

CAMMACK
Jim Cammack
Managing Director

AKW
Rebecca Davies
Warehousing Managing Director

Maidens
AJ Maiden
General Manager

FFG
Dominic Quigley
Managing Director

PANIC
Steve Gray
Managing Director

David Hathaway
Matthew Hathaway
Managing Director

AKW
John Chambers
General Manager - AKW Birmingham

Fleet report 2019

After successfully centralising vehicle and trailer purchasing, 2019 closed with a total of 930 vehicles, 1,120 trailers and 7 workshops across the group.

2019 saw continued investment and improvement in the standard specifications of the fleet, supporting the investment in new equipment with 150 new vehicles and trailers added to our equipment portfolio.

The roll-out of policies and programs that started in 2018 were continued throughout this year, with the completion of the trailer monitoring system. In all workshops operated by the group, brake testers were upgraded, enabling compliance with DVSA regulations and a reduction in costs. A uniform tyre policy began to be implemented across the group, partnering with a major European supplier.

2020 and Beyond,

The plan for 2020 is to consolidate and analyse the Kinaxia fleet with proposed investment in an asset management program. This will be complemented with training for staff that will allow scrutiny and reporting of every expenditure, to allow targeted investment in equipment in the future. The evaluation of alternative fuel vehicles and improved driver visibility within the cabs in 2020 will prove to be an exciting year for the fleet.


Linde

Technology and systems 2019

The ongoing development of technology and systems remains a key part of the growth of the Kinaxia Group.

There has been continued investment in technology and systems which has driven further improvements in secure operating platforms, enhanced governance and standardised consistent operating processes within the Group. This also includes the introduction of back end productivity tools for collaboration, project management and resource management.

With the appointment of additional internal specialist resources, there has been further IT infrastructure integration of acquired companies and their IT Support partners.

Security remains at the forefront of our technology platform and a thorough independent security assessment of the existing infrastructure architecture has taken place. This resulted in improved performance of the current centralised infrastructure platform. Strategic plans are underway to further invest in a rearchitectured, agile, flexible, stronger, resilient cloud-based platform which will be adaptable to the future growth of the Group.

The mechanism of moving pallets nationwide between operating regions from point of collection to final delivery point has been significantly enhanced by establishing links from K-link to the 'Partnerlink' network.

The 'Partnerlink' network can be accessed from all of the Group companies, some of whom operate different TMS systems. The exchange of information relating to a specific customer request is retained throughout the journey and is visible to all parties whether they are a Kinaxia operating company or external 'Partnerlink' member. This efficient and seamless process enables us to continually improve customer service.

Kinaxia's K-link operation will be further enhanced in 2020 when a single TMS solution will be used to exchange information between all parties involved in delivering a customer order. Every touch point during the collection and delivery process will be available to be reported upon to our customers and their final delivery point.

The use of the Group's strategic WMS solution, JDA Dispatcher, has continued to be extended within the Group. The solution is implemented alongside the market leading customs solution, Descartes, to provide a robust integrated bonded warehouse solution at the Manchester site of Kinaxia Warehousing.

This enables Kinaxia to provide a specific, flexible and tailored solution to our clients since the WMS can be scaled to handle everything from simple full-pallet operations to complex pick and pack fulfilment operations.

In addition to a powerful core WMS, Kinaxia offers a number of solutions to provide customers with transparent visibility of operational activities. This is achieved either by a flexible, customisable customer access portal or a powerful industry leading secure file transfer data integration tool.

There has been continued process efficiencies as a result of the introduction of a digital technology solution used by our drivers and their smart phones as part of their driver walk around check process. This paperless defect reporting system is then instantaneously reported to the office and workshops as part of the compliance process.

A programme of standardisation continues in the use of fleet operated solutions including tachograph and driver compliance, telematics and trailer tracking which enables consistent reporting and continuous efficiencies to be made.

During 2020 we will be improving our IT systems platform, and in addition we are rolling out a project management software tool that allows us to better manage the various projects that a growing business has. We will also seek to enhance the use of the vast amounts of data that the business generates.

Group finance director report

The heavy 2018 investment in the group continued in 2019, which proved to be another eventful year. We completed a major acquisition within the South West with David Hathaway Holdings Ltd that strengthened our geographic coverage within the UK.

The acquisition of David Hathoway Holdings Ltd was a key strategic objective for us and concluded the first phase of acquisitions before turning our attention to the internal processes and operational benefits during 2020.

2019 presented a strong revenue growth of 48%, this was both organic and through acquisition. The group showed encouraging improvements in gross margin, up from 20.2% in 2018 to 24.7% in 2019, and steady improvements in operating margins, which moved from 3.2% to 3.9%.

Our finance costs increased significantly from £4.467m to £8.708m including IFRS16 reflecting the full-year effect of 2018 acquisitions and the 2019 additional funding. The impact of IFRS16 on funding costs was an additional £1.3m. For further information on the impact of IFRS 16 please refer to note 21 in the accounts.

Costs associated with the raising of finance to fund acquisitions are being amortised over the term of the debt which is due for repayment in 2022. These costs amounted to £708k during the year, and related to current and prior year acquisition debt costs.

As a result of increased finance costs and investment costs the group reported a loss for the year of £1.937m for the year despite improved gross margins.

These higher funding costs have been partially addressed with the successful completion of a sale and leaseback programme in January 2020. This related to a proportion of our commercial property estate and enabled the repayment of £21.6m of debt, approximately 25% of our term loan facility with Permira Debt Managers. The Permira loan facility matures in 2022 and it is the expectation of the Directors that this funding will be renewed.

Group statutory EBITDA was £16.1m for the year ended 2019, which is up significantly on the 2018 position of £9.3m and represents an improvement of 73% compared to the revenue increase of 48% reflecting the mix of business units acquired and 2019 performance. The 2019 EBITDA of £16.1m is inflated by IFRS16, excluding the IFRS16 impact the like for like 2019 EBITDA would be £14.3m.

The cash position of the group is strong and cash on the balance sheet at year-end was improved with £12.3m in 2019 compared to £8.0m in 2018 despite our additional finance costs. Overall cash flow was strong due to funding activities despite pressure on operating cash flow and some challenging performances from a small number of business units within the group.

2020 will see continued investment in Warehouse Management Systems (WMS) with the JDA Dispatcher system currently being implemented in our warehouses in Manchester.

The underlying business performance continued to be tough across all subsidiaries as cost inflation continued to put pressure on margins across the sector. The Group continued its programme of customer reviews enabling us to provide continuing high levels of services, contributing to improvements in Gross Margins. Driver shortages across the UK Logistics sector continue to put quality service providers at an advantage, and our investment in recruitment, vehicles, facilities, and wage rates should continue to ensure we do our utmost to retain loyal and experienced drivers across the group. More importantly, the group completed its functional management team with the addition of a Sales and Marketing Director, IT Director, and the appointment in January 2020 of our Group Chief Executive Officer. This enables us to turn our focus and energy internally to develop the business propositions and synergies that will further drive margin improvement during 2020 and beyond.

Revenue growth has been strong during the year with increased activity and linehaul operations performing particularly well, despite pricing pressures.

Finance systems continue to be common across the group with all operating companies on the Sage 200 finance platform.

Billing processes continue to migrate all customers to auto-rated pricing systems where possible, this has enabled the simplification of multiple legacy tariff arrangements to fewer consistent pricing tables. This initiative was started in 2018 and continues alongside business process improvements that will provide consistent processes across all business units. The impact of the global Covid-19 crisis has hit our customers hard, and revenues have been reduced heavily during the months of lockdown. However, our agility and strong management have resulted in significant cost reductions through resulting in maintaining positive EBITDA positions during the crisis. Under the central management team, this has been effectively controlled, and the group intends to pursue permanent efficiency improvements as a result.

The post year end impact of the global Covid-19 crisis has hit our customers hard, and revenues have been reduced heavily during the months of lockdown. However, our agility and strong management have resulted in significant cost reductions through resulting in maintaining positive EBITDA positions during the crisis. Under the central management team, this has been effectively controlled, and the group intends to pursue permanent efficiency improvements as a result.

During 2019 the group took advantage of government support through the Furlough scheme and adopted a strategy of looking to utilise Covid deferrals and payment financing holidays to preserve cash.

The Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and that it is appropriate to prepare the financial statements on the going concern basis. Please see the Directors' report on page 40 for further information

David Hathaway Acquisition

David Hathaway Holdings Ltd in April 2019. The David Hathaway Transport business operates out of two sites in the South West. One is in Yate, near Bristol and the other is in Royal Wootton Bassett near Swindon.

The business provides general haulage, pallet services and warehousing services in line with previous acquisitions. Its location provides a key strategic strength covering an area of the UK where we had no coverage previously and completes a major part of our strategic plan.

Date of acquisition: 30th April 2019.

Principal risks and uncertainties

Financial instruments

The Group's principal financial instruments comprise bank balances, invoice discounting facilities, trade creditors, trade debtors, right-to-use assets and lease liabilities, operating lease agreements, other loans and medium-term loans. The main purpose of these instruments is to finance the Group's operations. Due to the nature of the financial instruments used by the Group, there is little exposure to price risk. The Group's approach to managing other risks applicable to the financial instruments concerned is shown below.

- In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexible borrowing.
- Intra-group loans carry no interest and deal with transactions in the course of trading.
- Accounts receivable are managed in respect of credit and cash flow risk through policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Account payable liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.
- The Group is a lessee in respect of hire purchase and operating leased assets. The liquidity risk in respect of these is managed in the same way as accounts payable.
- Other loans are repayable on an agreed basis and carry fixed interest rate margins.
- There are no currency risks.

Other risks and uncertainties

The post year end Covid-19 pandemic has developed rapidly throughout 2020. The Group and its directors have taken measures to monitor and prevent the effects of the virus to ensure that we provide a safe and secure environment for our employees and also minimise the impact on the business. We will continue to follow and comply with Government guidance and advice to ensure the safety of our people whilst maintaining clear focus on delivering the strategic plans of the Group.

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

The impact of withdrawal from the EU has been widely discussed. In the absence of clarity relating to the details of the future relationship, no detailed forecasts of impact can be made. Kinaxia does very few movements into/out of the EU so customs/border issues are not likely to impact. However, a number of Kinaxia customers import products and any fall in the strength of the Pound could affect this business as well as increasing the cost of fuel.

At a higher level, a recession could also hit overall demand for haulage services and this could put pressure on UK hauliers. An additional cost factor is that around 20% of LGV drivers in the UK are of EU origin and, if their availability reduced for any reason, this could lead to further increases in drivers pay rates.

There are no other risks and uncertainties.

Financial Key Performance Indicators (KPIs)

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

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

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

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

	2019	2018
	£000's	£000's
Revenue	169,975	114,907
Gross Margin	24.7%	20.2%
EBITDA	**16,108**	**9,300**

Other key performance indicators

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

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

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: 28/09/2020

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2019. The directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and in accordance with International Financial Reporting Standards as adopted by the EU in relation to the Group accounts. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and Dividends

The loss for the year, after taxation, amounted £1,937,376. (2018: Loss after tax of £468,397) The directors do not recommend the payment of a final dividend (2018: £nil).

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

Directors

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

Disabled persons

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

Employee involvement

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

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

In January 2020 the Group successfully completed a sale and leaseback transaction on three freehold property sites across the UK. This enabled the repayment of £21.6 million of term debt to significantly reduce its Loan Facility with Permira Debt Managers.

The impact of the global post year end Covid-19 crisis has hit our customers hard, and revenues have been reduced heavily during the months of lockdown. However, our agility and strong management have resulted in significant cost reductions through resulting in maintaining positive EBITDA positions during the crisis.

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 £8,593,741 and incurred losses of £1,937,376 for the year ended 31December 2019.

The post year end Covid-19 virus outbreak has had a significant impact on the majority of UK businesses. The Directors and management immediately performed risk assessments and developed new procedures to ensure that all the Company's premises were Covid-19 secure and a safe environment for our employees to work and operate in.

Whilst the Group continued to operate, there have been a significant impact on customers which has resulted in downturns in volumes and activity. However our agility and the combination of central control with local subsidiary autonomy has resulted in significant cost reductions through operational grip and we have been able to maintain positive EBITDA positions during the crisis.

During and since the lockdown period, the directors and management carried out a variety of immediate actions, applied for applicable Government support, deferred and cancelled costs where appropriate and furloughed a significant number of staff across the Group.

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 31December 2022, incorporating a detailed income statement and cash flow analysis. The Directors have assessed the funding requirements and compared them to the banking facilities and arrangements available. This exercise has not identified any issues that would suggest any significant risk to the Group's continued trading position.

A post year end Covid-19 reforecast has been prepared by the Directors to understand the impact and cash requirements of the business which shows full year revenues circa 12% lower than the original budget. The business is performing ahead of the Covid-19 forecast.

The Directors have therefore adopted the going concern basis in preparing these Consolidated Financial Statements.

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 2019 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 its shareholders.

Whilst the directors have ultimate responsibility, Kinaxia Limited is run by an Executive Committee comprising the Group Directors and the Managing Directors of the operating subsidiaries. The Executive Committee meets 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: 28/09/2020

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 2019, which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Group Statement of Cash Flows, the Group Statement of Changes in Equity, the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS') as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, 'The Financial Reporting Standard Applicable in the UK and the Republic of Ireland'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- 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 cat significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

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

Responsibilities of Directors

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

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

Auditors' responsibilities for the audit of financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc. org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Hurst Accountants Limited

Helen Besant-Roberts (senior statutory auditor)

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

Date: 28/09/2020

Consolidated statement of comprehensive income

For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Continuing operations			
Revenue	5	**169,975,733**	114,907,093
Cost of sales		**(127,954,635)**	(91,643,258)
Gross profit		**42,021,098**	23,263,835
Administrative expenses		**(35,353,446)**	(19,820,838)
Other operating income	6	**130,047**	260,644
Profit from operating activities	7	**6,797,699**	3,703,641
Income from fixed asset investments	9	**22,291**	2,336
Finance costs	10	**(8,708,225)**	(4,467,822)
Finance income	10	**62,676**	6,305
(Loss)/profit for the financial year before taxation		**(1,825,559)**	(755,540)
Tax income/(expense)	12	**(111,817)**	287,143
(Loss)/profit and total comprehensive income for the financial year attributable to the equity holders		**(1,937,376)**	(468,397)

The accompanying notes form part of these financial statements.

Consolidated balance sheet

As at 31 December 2019 Registered number: 07466536

	Note	2019 £	2018 £
Assets			
Non-current assets			
Intangible assets	14	**51,052,320**	46,099,081
Property, plant and equipment	15	**36,521,306**	46,803,914
Right-of-use assets	21	**52,581,798**	-
Investments	13	**319,519**	258,417
Total non-current assets		**140,474,943**	93,161,412
Current assets			
Inventories	16	**422,894**	455,492
Trade and other receivables	17	**39,026,605**	34,697,538
Cash and cash equivalents	18	**12,357,333**	8,049,268
Total current assets		**51,806,832**	43,202,298
Total assets		**192,281,775**	136,363,710
Liabilities			
Current liabilities			
Borrowings	20	**14,315,743**	18,945,532
Trade and other payables	19	**31,604,210**	25,163,837
Lease liabilities	21	**14,480,620**	-
Total current liabilities		**60,400,573**	44,109,369
Non-current liabilities			
Borrowings	20	**81,392,506**	76,128,881
Trade and other payables	19	**1,479,633**	1,695,259
Lease liabilities	21	**35,392,383**	-
Provisions	23	**147,081**	533,206
Deferred tax	12	**1,086,662**	583,410
Total non-current liabilities		**119,498,265**	78,940,756
Total liabilities		**179,898,838**	123,050,125
Net assets		**12,382,937**	13,313,585
Equity			
Share capital	22	**242**	236
Share premium		**11,841,036**	9,291,042
Revaluation reserve		**484,000**	484,000
Retained earnings		**57,659**	3,538,307
Total equity attributable to the owners of the Company		**12,382,937**	13,313,585

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: 28/09/2020

The accompanying notes form part of these financial statements.

Consolidated statement of changes in shareholders' equity

For the Year Ended 31 December 2019

	Note	Called Up Share Capital £	Share Premium Reserve £	Revaluation Reserves £	Retained Earnings £	Total Equity £
At 31 December 2017		**225**	**5,228,553**	**495,000**	**3,995,704**	**9,719,482**
(Loss)/profit for the year		-	-	-	(468,397)	(468,397)
Total comprehensive income		-	-	-	(468,397)	(468,397)
Transactions with owners						
Issue of share capital		11	4,062,489	-	-	4,062,500
Transfer to/from profit and loss account		-	-	(11,000)	11,000	-
At 31 December 2018		**236**	**9,291,042**	**484,000**	**3,538,307**	**13,313,585**
Effect of adoption of IFRS 16	28	-	-	-	(1,543,272)	(1,543,272)
At 1 January 2019 as restated		**236**	**9,291,042**	**484,000**	**1,995,035**	**11,770,313**
(Loss)/profit for the year		-	-	-	(1,937,376)	(1,937,376)
Total comprehensive income		**-**	**-**	**-**	**(1,937,376)**	**(1,937,376)**
Transactions with owners						
Issue of share capital		6	2,549,994	**-**	**-**	2,550,000
At 31 December 2019		**242**	**11,841,036**	**484,000**	**57,659**	**12,382,937**

Consolidated cash flow statement

For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
(Loss)/profit for the year		**(1,937,376)**	(468,397)
Adjustments for:			
Depreciation of property, plant and equipment	15	**3,170,811**	5,596,943
Amortisation of right-of-use assets	21	**11,615,425**	-
Profit on disposal of tangible assets	15, 21	**(268,469)**	(521,669)
(Decrease) / Increase in provisions		**(386,125)**	-
Interest payable	10	**8,708,225**	4,467,822
Finance income	10	**(62,676)**	(6,305)
Dividend received from unlisted investment	9	**(22,291)**	(2,336)
Tax (income)/expense	12	**111,817**	(287,143)
Operating cash flows before movements in working capital		**20,929,341**	8,778,915
Decrease/ (Increase) in inventories		**81,152**	(4,293)
Decrease / (Increase) in trade and other receivables		**4,644,481**	(112,048)
Increase / (Decrease) in trade and other payables		**4,667,033**	(1,236,084)
Cash generated by operations		**30,322,007**	7,426,490
Income tax (paid) / received		**(563,138)**	292,847
Net cash generated from operating activities		**29,758,869**	7,719,337
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		**(18,814,122)**	(23,325,125)
Acquisition of property, plant and equipment	15	**(3,360,315)**	(13,556,002)
Acquisition of right-of-use assets	21	**(15,053,395)**	-
Proceeds from disposal of fixed assets		**1,454,694**	3,738,591
Interest received		**62,676**	6,305
Lease interest paid (2018: finance lease interest paid)		**(2,034,127)**	(508,037)
Dividends received		**22,291**	2,336
Net cash used in investing activities		**(37,722,298)**	(33,641,932)
Cash flows from financing activities			
Proceeds from issue of share capital		**-**	4,062,500
New bank loans raised		**14,500,000**	29,100,000
New borrowings raised		**3,784,429**	-
New leases raised (2018: finance leases)	21	**15,053,396**	-
Interest paid on borrowings		**(6,674,098)**	(2,706,460)
Repayments of bank borrowings		**-**	(4,341,385)
Principal paid on lease liabilities (2018: finance leases)	21	**(14,392,233)**	-
Net movement of obligations under finance lease		**-**	**2,590,980**
Net cash used in financing activities		**12,271,494**	28,705,635
Net increase/ (decrease) in cash and cash equivalents		**4,308,065**	2,783,040
Cash and cash equivalents at 1 January 2019		**8,049,268**	5,266,228
Cash and cash equivalents at 31 December 2019		**12,357,333**	8,049,268

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the Year Ended 31 December 2019

1. GENERAL INFORMATION

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

The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2019 and the comparative year ended 31 December 2018 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 2019 were authorised for issue by the board of directors on 28 September 2020 and the Group Balance Sheet was signed on the board's behalf by Graham Norfolk, a director.

Statement of Compliance

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

Basis of measurement

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

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

Going concern

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

The group has net current liabilities of £8,593,741 and incurred losses of £1,937,376 for the year ended 31 December 2019.

The post year end Covid-19 virus outbreak has had a significant impact on the majority of UK businesses. The Directors and management immediately performed risk assessments and developed new procedures to ensure that all the Company's premises were Covid-19 secure and a safe environment for our employees to work and operate in.

Whilst the Group continued to operate, there have been a significant impact on customers which has resulted in downturns in volumes and activity. However our agility and the combination of central control with local subsidiary autonomy has resulted in significant cost reductions through operational grip and we have been able to maintain positive EBITDA positions during the crisis.

During and since the lockdown period, the directors and management carried out a variety of immediate actions, applied for applicable Government support, deferred and cancelled costs where appropriate and furloughed a significant number of staff across the Group.

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 2022, incorporating a detailed income statement and cash flow analysis. The Directors have assessed the funding requirements and compared them to the banking facilities and arrangements available. This exercise has not identified any issues that would suggest any significant risk to the Group's continued trading position.

A post year end Covid-19 reforecast has been prepared by the Directors to understand the impact and cash requirements of the business which shows full year revenues circa 12% lower than the original budget. The business is performing ahead of the Covid-19 forecast.

The Directors have therefore adopted the going concern basis in preparing these Consolidated Financial Statements.

Basis of Consolidation

The Group's financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 December 2019. 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.

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 -
Straight line - 15% reducing balance
Motor vehicles -
Straight line - 25% reducing balance
Fixtures and fittings -
Straight line - 25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

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

Inventories

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

Loans and receivables

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

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

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

Cash and cash equivalents

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

Financial liabilities

Financial liabilities include the following items:

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

Equity instruments

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

Leased assets

The accounting policy for leases is set out in note 21.

Provisions

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

Dividends

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

Finance income and costs

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

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

Rental income

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

Valuation of investments

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

New Accounting Standards

The directors have considered all new and amended Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Reporting Interpretations Committee (IFRIC). New standards impacting the Group that have been adopted in the financial statements for the year ended 31 December 2019 and have given rise to changes in the Group's accounting policies and disclosures is IFRS 16 - Leases.

IFRS 16

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

On transition to IFRS 16, the Group elected to apply the following practical expedients:

- the Group has applied a single discount rate to a portfolio of leases with similar characteristics.
- 'the Group has excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 5%.

New standards, interpretations and amendments not yet effective

As at the date of authorisation of these financial statements, there are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2020:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material).
- IFRS 3 Business Combinations (Amendment – Definition of Business).
- Revised Conceptual Framework for Financial Reporting.

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

IFRS 16 'Leases' requires that the Directors exercise judgement and make reasonable estimates in the determination of lease term for some lease contracts in which the Group is a lessee, including whether the Company is reasonably certain to exercise lessee options and in the determination of the incremental borrowing rate used to measure lease liabilities (note 21).

Lease liabilities

IFRS 16 'Leases' requires that the Directors exercise judgement and make reasonable estimates in the determination of lease term for some lease contracts in which the Group is a lessee, including whether the Company is reasonably certain to exercise lessee options and in the determination of the incremental borrowing rate used to measure lease liabilities (note 21).

Impairment reviews

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

Business Combinations

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

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

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

Estimated value of provisions

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

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

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

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

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

- Cash at bank
- Bank loans and overdrafts
- Trade receivables
- Trade and other payables
- Finance leases and hire purchase agreements
- 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 £345,000 for the year ended 31 December 2019 (2018: £235,000).

Funding and liquidity risk

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

Credit Risk

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

Capital Management

Capital comprises share capital, share premium, retained earnings and borrowing facilities.

The Group's objective when maintaining capital is to safeguard the Group's ability to continue as a going concern so that it can provide returns to shareholders and benefits for other stakeholders. In order to maintain the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Group has also secured finance facilities that contain sufficient headroom to allow for business growth in the event that market volumes significantly change, or increased turnover is obtained through organic growth or acquisition.

Financial instruments

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

Fair Value of Financial Assets and Liabilities

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

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group has four main revenue streams:

- **Haulage** – representing general haulage services, distribution services and freight forwarding.
- **Linehaul** – representing provision of trunking services for certain customers using regular routes.
- **Warehousing** – representing provision of warehousing services and contract packing.
- **Workshop**– representing provision of workshop and vehicle repair services.

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

Revenues

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

	2019	2018
	£	£
Haulage activities	**111,921,432**	81,385,239
Linehaul	**30,097,048**	23,006,572
Warehousing	**27,319,173**	9,787,279
Workshop	**637,680**	728,093
	169,975,333	114,907,093

Contract balances

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

6. OTHER OPERATING INCOME

	2019	2018
	£	£
Other operating income	**130,047**	260,644

Other operating income arises mainly from rental income of surplus property space.

7. PROFIT FROM OPERATING ACTIVITIES

	2019	2018
	£	£
This is stated after charging/(crediting) the following		
Employee benefit costs (note 11)	**56,100,532**	38,244,526
Cost of inventories recognised as expense	**13,458,004**	15,481,203
Foreign exchange loss/(gain)	**4,042**	1,984
Defined contribution scheme	**1,276,109**	604,363
Depreciation of property, plant and equipment	**3,170,810**	5,596,943
Amortisation of right of use assets	**11,615,425**	-
Gain on disposal of property, plant and equipment	**(268,469)**	(521,669)

8. AUDITOR'S REMUNERATION

	2019	2018
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**139,120**	118,000
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	**15,650**	13,150
All other services	**56,925**	7,250
	72,575	20,400

Auditors' fees for the company were £5,250 (2018: £5,250).

9. INCOME FROM FIXED ASSET INVESTMENTS

	2019	2018
	£	£
Dividends received from unlisted investments	**22,291**	2,336

10. FINANCE INCOME AND COSTS

	2019 £	2018 £
Interest expense:		
Bank borrowings	**5,819,984**	3,499,261
Interest expense on lease liabilities (2018: finance lease interest)	**2,034,127**	508,037
Other loans	**854,114**	460,524
Finance cost	**8,708,225**	4,467,822
Finance income		
Bank interest receivable	**62,676**	6,305

11. EMPLOYEES AND DIRECTORS

	2019 No.	2018 No.
Average number of employees (including executive directors)		
Managerial and administrative	**298**	290
Drivers and warehouse	**1,495**	1,249
	1,793	1,539

	2019 £	2018 £
Staff costs for the Group during the year		
Wages and salaries	**50,311,538**	35,111,158
Social security costs	**4,512,885**	2,529,005
Other pension costs	**1,276,109**	604,363
Total remuneration	**56,100,532**	38,244,526

Directors' remuneration

During the year, 2 directors received emoluments from the Group totalling £72,000 (2018: £nil). During the year, retirement benefits were accruing to no directors (2018: £nil).

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company. The total compensation paid to key management including pension contributions was £1,887,851 (2018: £904,145).

12. TAXATION

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

	2019 £	2018 £
Current tax		
UK Corporation tax	**84,396**	(101,107)
Adjustments in respect of previous periods	-	-
Total current tax	**84,396**	(101,107)
Deferred tax		
Reversal of timing differences	**27,421**	(186,036)
Total taxation for the financial year	**111,817**	(287,143)

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled as follows:

Reconciliation of taxation charge	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	**(1,825,559)**	(755,540)
Tax on (loss)/profit on ordinary activities at 19% standard rate of tax (2018: 19%)	**(346,856)**	(143,553)
Non-deductible expenses	**49,190**	47,594
Depreciation in excess of capital allowances	**(39,206)**	143,811
Dividends from UK companies	**(4,193)**	(444)
Other differences	**(72,184)**	(334,551)
Losses carried forward	**301,432**	-
Total taxation (credit)/charge	**111,817**	(287,143)

Deferred tax liability	2019 £	2018 £
At 1 January 2019	**583,410**	197,243
Arising on business combinations	**475,831**	572,203
Charge / (credit) to profit or loss	**27,421**	(186,036)
At 31 December 2019	**1,086,662**	583,410
Comprising:		
Accelerated capital allowances	**1,138,302**	583,410
Other timing differences	**(51,640)**	-
	1,086,662	583,410

The group has unutilised tax losses of £1.6m (2018: £nil). No deferred tax has been recognised as no tax is expected to be payable in the foreseeable future.

Factors that may affect future tax expenses

There were no factors that may affect future tax charges.

13. FIXED ASSET INVESTMENTS

Group	Unlisted investments	
	2019	2018
	£	£
Cost and net book value		
At 1 January 2019	**258,417**	203,566
On acquisition of subsidiaries	**61,102**	54,851
At 31 December 2019	**319,519**	258,417

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

14. INTANGIBLE ASSETS

Group	Goodwill
	£
Cost	
At 1 January 2019	**46,099,081**
Additions (note 29)	**4,953,239**
At 31 December 2019	**51,052,320**
Accumulated amortisation and impairment	
At 1 January 2019	-
Impairment losses	-
At 31 December 2019	-
Net book value	
At 31 December 2019	**51,052,320**
31 December 2018	46,099,081

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 right:

14. INTANGIBLE ASSETS (continued)

Goodwill carrying amount

	2019	2018
	£	£
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**	-
	51,052,320	46,099,081

The recoverable amount of goodwill is determined from value-in-use calculations, which are prepared for each CGU and used budgeted cash flows for year one and cash flow projections for years 2 and 3. Terminal cash flows are based on year 3, assumed to grow perpetually at 0%. The key assumptions forming inputs to cash flows are in revenues and margins. Future revenues have been assessed by reference to existing contracts and an estimate of market volumes, which in turn have been assessed through ongoing discussions with customers, an assessment of the expected trends in wider economic factors and management's knowledge of each CGU. Margins have been assumed to remain broadly at existing levels. All forecasts have been discounted at a post-tax discount rate of 10%. No impairment losses have been recognised in the year. Management believes that no reasonable adjustment to the discount rate or projected margins would cause the carrying value of any CGU to exceed its recoverable amount.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Group					
Cost					
At 1 January 2018	10,439,148	1,966,957	20,050,581	759,964	33,216,650
Acquired with subsidiaries	6,405,963	1,540,993	5,438,686	584,218	13,969,860
Additions	277,038	1,419,815	11,229,759	601,190	13,527,802
Disposals	-	(76,338)	(8,261,434)	-	(8,337,772)
Transfers	-	(56,082)	-	56,082	-
At 1 January 2019	**17,122,149**	**4,795,345**	**28,457,592**	**2,001,454**	**52,376,540**
Reclassification due to IFRS 16 (note 28)	-	(2,375,407)	(19,960,645)	(322,927)	(22,658,979)
Acquired with subsidiaries	8,350,000	892,233	13,414	174,937	9,430,584
Additions	119,778	1,159,376	1,320,184	760,977	3,360,315
Disposals	-	-	(2,131,839)	(209,282)	(2,341,121)
At 31 December 2019	**25,591,927**	**4,471,547**	**7,698,706**	**2,405,159**	**40,167,339**
Depreciation					
At 1 January 2018	462,307	590,733	3,760,789	381,987	5,195,816
Charge in the year	271,242	886,055	4,632,551	(192,905)	5,596,943
Disposals	-	(47,083)	(5,173,050)	-	(5,220,133)
Transfers	-	(27,521)	-	27,521	-
At 1 January 2019	**733,549**	**1,402,184**	**3,220,290**	**216,603**	**5,572,626**
Reclassification due to IFRS 16 (note 28)	-	(972,953)	(1,222,687)	(185,488)	(2,381,128)
Charge in the year	350,456	959,170	1,539,566	321,618	3,170,810
Disposals	-	(282,664)	(2,337,854)	(95,757)	(2,716,275)
At 31 December 2019	**1,084,005**	**1,105,737**	**1,199,315**	**256,976**	**3,646,033**
Net book value					
At 31 December 2019	**24,507,922**	**3,365,810**	**6,499,391**	**2,148,183**	**36,521,306**
At 31 December 2018	16,388,600	3,393,161	25,237,302	1,784,851	46,803,914

The net book value of assets held under finance leases or hire purchase agreements, included above, for the year ended 31 December 2018 as follows: Motor Vehicles £15,324,704; Plant and machinery £5,555,907. For the period ended 31 December 2019, assets arising from leases where the Group is a lessee have been accounted for under IFRS 16 and are held within Right-to-use assets (see note 21 and note 28).

Details of the assets pledged for security are provided in note 20.

16. INVENTORIES

Group	2019 £	2018 £
Fuel, tyres and spares	**422,894**	455,492

There is no impairment provision in respect of inventories. Inventories represent the value of fuel, tyres and spares supplies as at 31 December 2019. Purchases of these goods during the year are charged directly to the consolidated income statement and as such the value of inventories expensed or credited to the Consolidated Income Statement during the year represents the difference between the opening and closing balances.

17. TRADE AND OTHER RECEIVABLES

Group	2019 £	2018 £
Current		
Trade receivables	**31,095,356**	29,675,651
Less: provision for impairment of trade receivables	**(98,167)**	(78,636)
	30,997,189	29,597,015
Other debtors	**2,659,107**	1,376,831
Prepayments and accrued income	**5,370,309**	3,723,692
	39,026,605	34,697,538

The fair value of trade and other receivables approximates to book value at 31 December 2019 and 2018. The ageing of trade receivables and associated provision for impairment is detailed below:

Group	2019 Trade receivables £	2019 Provision for impairment £	2018 Trade receivables £	2018 Provision for impairment £
Current	**14,966,049**	-	13,315,333	-
Overdue less than 1 month	**12,599,680**	-	11,518,704	-
Overdue 1-2 months	**2,911,520**	-	3,603,818	-
Overdue more than 2 months	**618,107**	**(98,167)**	1,237,796	(78,636)
	31,095,356	**(98,167)**	29,675,651	(78,636)

There are no significant receivables included within this provision.

17. TRADE AND OTHER RECEIVABLES (continued)

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

	2019 £	2018 £
At 1 January 2019	**(78,636)**	(88,628)
Receivable written off during the year as uncollected	**85,157**	-
Provision for amount considered at risk of non-collection	**(120,541)**	(56,535)
Release of provision following collection of items previously provided for	**15,853**	92,884
Arising on acquisition of subsidiaries	**-**	(26,357)
At 31 December 2019	**(98,167)**	**(78,636)**

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

18. CASH AND CASH EQUIVALENTS

Group	2019 £	2018 £
Cash at bank available on demand	**12,357,333**	8,049,268

19. TRADE AND OTHER PAYABLES

Group	2019 £	2018 £
Current		
Trade payables	**15,586,253**	13,001,930
Other taxes and social security	**6,180,975**	4,252,129
Corporation tax payable	**-**	478,732
Accruals and deferred income	**7,862,714**	3,975,251
Other payables	**1,974,268**	3,455,795
	31,604,210	25,163,837

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 44 days *(2018: 44 days)*.

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

Group	2019 £	2018 £
Non-current		
Other payables	**1,479,633**	1,695,259

20. BORROWINGS

Group	2019 £	2018 £
Current		
Bank overdrafts	**-**	194,311
Bank loans	**54,308**	55,039
Finance lease liabilities (note 21)	**-**	5,887,310
Invoice discounting facilities	**14,261,435**	12,808,872
	14,315,743	18,945,532
Non-current		
Bank loans	**81,392,506**	64,425,598
Finance lease liabilities (note 21)	**-**	11,703,283
	81,392,506	76,128,881

The bank overdrafts are secured by means of a fixed and floating charge over the assets of the entities to which they relate.

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

During the year ended 31 December 2015, a facility agreement was entered into with lenders for £25,000,000 in order to finance acquisitions and to repay all invoice discounts and hire purchase liabilities of the Group. This loan is secured by means of a fixed and floating charge against the assets of the Group. This loan is repayable in full on the fifth anniversary of the first acquisition to be executed following the loan being entered into, with interest being charged at 8% plus LIBOR per annum. Arrangement fees of £1,034,460 were netted off against the loans. During the year, arrangement fees of £206,892 (2018: £206,892) were amortised through the Consolidated Statement of Comprehensive Income.

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

On 18 July 2017, the loan arrangements were amended and increased to £32,500,000. Additional arrangement fees of £461,404 were netted off against the amended loans. During the year, arrangement fees of £92,281 (2018: £92,281) were amortised through the Consolidated Statement of Comprehensive Income.

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

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

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

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

20. BORROWINGS (continued)

The maturity profile of the financial liabilities as at 31 December 2019 is set out below:

Group	2019 £	2018 £
Due within 1 year		
Bank overdrafts	-	194,311
Finance lease liabilities	-	5,887,310
Bank loans	**54,308**	55,039
Invoice discounting facility	**14,261,435**	12,808,872
Due between 2 and 5 years		
Finance lease liabilities (note 21)	-	11,703,283
Bank loans	**81,177,257**	64,133,417
Due after 5 years		
Bank loans	**215,249**	292,181
	95,708,249	95,074,413

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

21. LEASES

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

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

IFRS 16 was adopted on 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see note 28. The following policies apply subsequent to the date of initial application, 1 January 2019.

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.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Lease liabilities are secured on the assets to which they relate.

21. LEASES (continued)

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

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

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

Right-of-use assets	Freehold property £	Plant, machinery and motor vehicles £	Total £
At 1 January 2019	19,664,064	26,568,803	46,232,867
Acquired with subsidiaries	2,458,976	2,013,362	4,472,338
Additions	-	15,053,395	15,053,395
Disposals	-	(1,561,377)	(1,561,377)
Amortisation	(3,763,208)	(7,852,217)	(11,615,425)
At 31 December 2019	**18,359,832**	**34,221,966**	**52,581,798**

Leases			
At 1 January 2019	20,911,915	24,176,966	45,088,881
Acquired with subsidiaries	2,722,621	1,400,338	4,122,959
Additions	-	15,053,396	15,053,396
Interest	953,635	1,080,492	2,034,127
Lease payments	(4,561,835)	(11,864,525)	(16,426,360)
At 31 December 2019	**20,026,336**	**29,846,667**	**49,873,003**

Leases	Within 1 year £	Due between 2 and 5 years £	Due after 5 years £	Total £
At 31 December 2019	**14,480,620**	**31,499,459**	**3,892,924**	**49,873,003**

22. SHARE CAPITAL

Group	2019 £	2018 £
Allotted, called up and fully paid		
4,406,397 (2018: 4,406,397) Ordinary shares of £0.00001 each	**50**	44
9,000,000 Ordinary A shares of £0.00001 each	**90**	90
100 Ordinary B shares of £1 each	**100**	100
203,214 Ordinary C shares of £0.00001 each	**2**	2
	242	236

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

- On 30 April 2019, 555,351 ordinary shares of £0.00001 each were issued at £4.5917 per share;

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

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

23. PROVISIONS

Group	Dilapidations £
Non-current	
At 1 January 2019	**533,206**
Released in the year	**(386,125)**
At 31 December 2019	**147,081**

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

24. RELATED PARTY TRANSACTIONS

Group

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

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

2018		Sales to related party £	Purchases from related party £	Balance owed by related party £	Balance owed to related party £
Acorn Capital Partners Limited	a	-	140,000	-	8,671
Mondil Limited	b	-	140,000	-	9,108
Motzab Limited	c	-	-	-	-
B&L Partnership Limited	c	-	144,000	-	14,400
Foulger Warehousing Limited	c	-	402,564	-	15,197
Cammack Properties Limited	d	-	82,400	-	19,870
Relocatable Buildings Limited	e	2,007	9,646	-	-
Partnerlink Limited	f	150,245	140,291	34,262	18,224

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

a) G Norfolk, a director, is also a director and shareholder of Acorn Capital Partners Limited.

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

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

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

e) K N Johnson, a director of Panic Transport (Contracts) Limited, which is a wholly owned subsidiary of Kinaxia Limited, is also a director and shareholder of Relocatable Buildings Limited. K N Johnson ceased to be a director of Panic Transport (Contracts) Limited on 31 July 2019.

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

Key management personnel

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

25. COMMITMENTS

Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £1,276,109 (2018: £604,363). Contributions totalling £271,971 (2018: £175,606) were payable to the fund at the balance sheet date.

Capital commitments

At 31 December 2019, the Group had capital commitments contracted for but not provided in these financial statements of £nil (2018: £254,007).

26. POST BALANCE SHEET EVENTS

In January 2020, the Group entered into an agreement to sell two freehold properties owned by the group and enter into a 13 year lease to repurchase these. Proceeds of £25.9m were raised with £21m being used to repay existing external borrowings.

The impact of the global Covid-19 crisis has hit our customers hard, and revenues have been reduced heavily during the months of lockdown. Strong and agile management activities have resulted in significant cost reductions through resulting in maintaining positive EBITDA during the crisis. For further information please see the note on Post Balance Sheet Events on page 42 and the Going Concern notes on page 52 and 53.

27. CONTROLLING PARTY

There is no overall controlling party.

28. EFFECTS OF CHANGES IN ACCOUNTING POLICIES

The Group adopted IFRS 16 with a transition date of 1 January 2019. The Group has chosen not to restate comparatives on adoption of this standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 January 2019) and recognised in the opening equity balances. Details of the impact this standard has had is given below. Other new and amended standards and Interpretations issued by the IASB and adopted by the EU did not impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

IFRS 16

IFRS 16 has replaced the previous standards IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

28. EFFECTS OF CHANGES IN ACCOUNTING POLICIES (continued)

Transition Method and Practical Expedients Utilised

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;

b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;

c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and

d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 January 2019:

	Adjustments	31 December 2018 as originally presented £	IFRS 16 adjustment £	1 January 2019 £
Assets				
Property, plant and equipment	(a)	46,803,814	(20,277,851)	26,526,063
Right-of-use assets	(b)	-	46,232,867	46,232,867
Liabilities				
Loans and borrowings	(c)	95,074,413	(17,590,593)	77,483,820
Lease liabilities	(d)	-	45,088,881	45,088,881
Equity				
Retained earnings	(e)	13,313,585	(1,543,272)	11,770,313

28. EFFECTS OF CHANGES IN ACCOUNTING POLICIES (continued)

Adjustments

a) Property, plant and equipment was adjusted to recognise leases previously classified as finance type to right-of-use assets. The adjustment reduced the cost of property, plant and equipment by £22,658,979 and the accumulated depreciation by £2,381,128.

b) The adjustment to right-of-use assets is as follows:

	£
Adjustment notes in (a) – finance type leases	20,277,851
Operating leases	25,955,016
Right-of-use assets	**46,232,867**

c) Loans and borrowings were adjusted to reclassify leases previously classified as finance type.

d) The following table reconciles the minimum lease commitments disclosed in the Group's 31 December 2018 financial statements to the amount of lease liabilities recognised on 1 January 2019:

	£
Minimum operating lease commitment as at 31 December 2018	**21,574,042**
Less: low-value leases not recognised under IFRS 16	(15,600)
Plus: leases not previously disclosed	8,133,692
Plus: extension options reasonably certain to be exercised	1,818,750
Undiscounted lease payments	**31,510,884**
Less: effect of discounting using incremental rate	(4,012,596)
Lease liabilities for leases classified as operating under IAS 17	27,498,288
Plus: leases previously classified as finance type under IAS 17	17,590,593
Lease liability as at 1 January 2019	**45,088,881**

e) Retained earnings were adjusted to record the net effect of all other adjustments noted.

29. ACQUISITIONS

David Hathaway	**£**
Net assets acquired	**15,927,396**
Fair value adjustments	**757,110**
Fair value recognised on acquisition	**16,684,516**
Consideration	**21,637,755**
Goodwill	**4,953,239**

The post-acquisition results of the businesses acquired are:

David Hathaway	**£**
Revenue	**10,963,965**
Profit/(loss) before tax and after management charges	**441,961**

If the businesses had been acquired on 1 January 2019, the results of the businesses acquired would have been:

David Hathaway	**£**
Revenue	**15,681,310**
Profit before tax and after management charges	**813,430**

	Book value £	**Adjustment £**	**Fair value £**
Property, plant and equipment	10,143,949	3,758,976	13,902,925
Investments	126,882	(30,070)	96,812
Stock	48,554	-	48,554
Receivables	8,975,723	(2,175)	8,973,548
Cash	273,633	-	273,633
Payables	(1,999,406)	-	(1,999,406)
Finance leases	(1,413,098)	(2,722,621)	(4,135,719)
Deferred tax	(228,831)	(247,000)	(475,831)
	15,927,406	**757,110**	**16,684,516**

Fair value of consideration paid	
Cash	**19,087,755**
Issue of shares	**2,550,000**
Total consideration	**21,637,755**
Goodwill	**4,953,239**

29. ACQUISITIONS (continued)

The fair value adjustments represent:

- Increase in value of freehold property (£1,300,000) in line with the valuation obtained at the acquisition date and associated deferred tax adjustment (£247,000).
- Recognition of right to use assets of £2,458,976 and lease liability of £2,722,621 as a result of the adoption of IFRS 16 (see notes 21 and 28) in relation to leases previously accounted for as operating leases. Property, plant and equipment held under finance leases have been reclassified to right to use assets and the corresponding lease liability transferred to lease liabilities although this had no overall impact on the fair value of net assets acquired.

Transaction costs (£150,226) associated with the acquisition have been recorded directly in the income statement. The goodwill arising on the acquisition is not deductible for tax purposes.

30. NOTES SUPPORTING STATEMENT OF CASH FLOWS

	Non-current loans and borrowings £	Current loans and borrowings £	Total £
At 1 January 2018	39,765,106	15,592,934	55,358,040
Cash flows	35,135,886	3,352,598	38,488,484
Non-cash flows	1,286,800	-	1,286,800
At 1 January 2019	76,187,792	18,945,532	95,133,324
Cash flows	16,907,997	(1,257,521)	18,165,518
IFRS 16 Lease adjustment (Note 28)	(11,703,283)	(5,887,310)	(17,590,593)
Non-cash flows	-	-	-
At 31 December 2019	**81,392,506**	**14,315,743**	**95,708,249**

Company balance sheet

As at 31 December 2019 Registered Number: 07466536

	Notes	2019 £	2018 £
Assets			
Non-current assets			
Investments	5	**8,714,365**	8,401,724
Total non-current assets		**8,714,365**	8,401,724
Current assets			
Trade and other receivables	6	**9,876,830**	6,915,998
Cash and cash equivalents	7	**43,531**	1,084,945
Total current assets		**9,920,361**	8,000,943
Liabilities			
Current liabilities			
Bank overdrafts	7	**-**	1,473
Trade and other payables	8	**410,332**	422,584
Total current liabilities		**410,332**	424,057
Net current assets/(liabilities)		**9,510,029**	7,576,886
Net assets		**18,224,394**	15,978,610
Equity			
Share capital	9	**242**	236
Share premium		**11,841,036**	9,291,042
Retained earnings		**6,383,116**	6,687,332
Total equity attributable to the owners of the Company		**18,224,394**	15,978,610

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 £304,216 (2018: £25,643).

The financial statements on pages 81 to 89 were approved by the Board of Directors and were signed on its behalf by:

G R Norfolk, Director
Date: 28/09/2020

The accompanying notes form part of these financial statements.

Company statement of changes in shareholders' equity

For the Year Ended 31 December 2019

	Note	Called Up Share Capital	Share Premium reserve	Retained Earnings	Total Equity
		£	£	£	£
At 1 January 2018		225	5,228,553	6,712,975	11,941,753
Loss for the year		-	-	(25,643)	(25,643)
Issue of share capital	9	11	4,062,489	-	4,062,500
At 31 December 2018		**236**	**9,291,042**	**6,687,332**	**15,978,610**
Loss for the year		-	-	(304,216)	(304,216)
Issue of share capital	9	6	2,549,994	-	2,550,000
At 31 December 2019		**242**	**11,841,036**	**6,383,116**	**18,224,394**

Notes to the company financial statements

For the Year Ended 31 December 2019

1. ACCOUNTING POLICIES

Accounting Convention

The Company Financial Statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard Applicable in the UK and the Republic of Ireland', and with the Companies Act 2006.

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

The principal accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019. These policies have been consistently applied to all periods presented unless otherwise stated.

Financial Reporting Standard 102 – reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Debtors

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

Cash and cash equivalents

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

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 Company has net current assets of £9,510,029 and incurred losses of £304,216 for the year ended 31 December 2019.

The Covid-19 virus outbreak has had a significant impact on the majority of UK businesses. The directors and management immediately performed risk assessments and developed new procedures to ensure that all the Company's premises were Covid-19 secure and a safe environment for our employees to work and operate in.

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

During and since the lockdown period, the directors and management carried out a variety of immediate actions, applied for applicable Government support, deferred and cancelled costs where appropriate and furloughed a significant number of staff across the Company.

In determining the appropriate basis of preparation of these financial statements, the Directors are required to consider whether the Company 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 2022, 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. This exercise has not identified any issues that would suggest any significant risk to the Company's continued trading position. The Directors have therefore adopted the going concern basis in preparing these Financial Statements.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual

outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

Carrying value of investments

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

Provision for impairment on receivables

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

3.PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income. The loss dealt with in the financial statements of the Company was £304,216 (2018: £25,643).

The average monthly number of employees, including the directors, during the year was 2 (2018: 2).

4. AUDITORS' REMUNERATION

Auditors' fees for the company were £5,250 (2018: £5,250).

5. FIXED ASSET INVESTMENTS

Company Investment in subsidiary undertakings	**2019** **£**	2018 £
Cost and net book value		
At 1 January 2018 and 31 December 2018	**8,401,724**	8,401,724
Additions	**312,641**	-
At 1 January 2018 and 31 December 2018	**8,714,365**	8,401,724

The addition in the year relates to the capitalisation of a balance owing by a subsidiary undertaking.

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

Company	Business activity	Holding	Registered office
Kinaxia Logistics Limited	Intermediate holding company	100%	Kinaxia Adlington Business Park, Adlington, Macclesfield, England, SK10 4NL
Kinaxia Transport & Warehousing Limited	Intermediate holding company (a)	100%	Kinaxia Adlington Business Park, Adlington, Macclesfield, England, SK10 4NL
William Kirk Limited	General haulage and warehousing (b)	100%	Adlington Industrial Estate, London Road Adlington, Macclesfield, Cheshire, SK10 4NL
Bay Freight Limited	General haulage and warehousing (b)	100%	Tameside Freight Terminal, Premier House Tame Street, Stalybridge, Cheshire, SK15 1ST
N C Cammack and Son Limited	General haulage and warehousing (b)	100%	Unit 11 Spitfire Drive, Earls Colne Business Park, Earls Colne, Essex C06 2NS
Foulger Transport Limited	General haulage and warehousing (b)	100%	The Circuit, Snetterton, Norfolk, NR16 2JU

5. FIXED ASSET INVESTMENTS (continued)

Company	Business activity	Holding	Registered office
Lambert Brothers Haulage Limited	General haulage and warehousing (b)	100%	Woodside Avenue, Eastleigh, Hampshire, SO50 4ZR
Lambert Brothers Holdings Limited	Property investment (b)	100%	Woodside Avenue, Eastleigh, Hampshire, SO50 4ZR
Ensco 898 Limited	Property investment	100%	Fawside Farm, Longnor, Buxton, Derbyshire, SK17 0RA
Cammack Limited	Dormant (b)	100%	Unit 11 Spitfire Drive, Earls Colne Business Park, Earls Colne, Essex C06 2NS
GAG57 Limited	Dormant (b)	100%	The Circuit, Snetterton, Norfolk, NR16 2JU
BC Transport 2017 Limited (formerly Lambert Kirk Limited)	General haulage	100%	Adlington Industrial Estate, London Road Adlington, Macclesfield, Cheshire, SK10 4NL
Panic Transport (Contracts) Limited	General haulage and warehousing (b)	100%	Europark A5 Watling Street, Clifton Upon Dunsmore, Rugby, England, CV23 0AL
A J Maiden and Son Limited	General haulage and warehousing (b)	100%	A J Maiden & Son Deer Park Court, Donnington Wood, Telford, Shropshire, England, TF2 7NA
Mark Thompson Transport Limited	General haulage (b)	100%	The Acres, Stretton Distribution Centre Grappenhall Lane, Appleton, Warrington, Cheshire, England, WA4 4QT
AKW Group Limited	Intermediate holding company (b)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF
AKW Global Logistics Limited	General haulage (c)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF
AKW Global Logistics Birmingham Limited	General haulage (c)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF
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

5. FIXED ASSET INVESTMENTS (continued)

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

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

6. TRADE AND OTHER RECEIVABLES

Company	2019 £	2018 £
Current		
Trade receivables	**24,000**	-
Less: provision for impairment of trade receivables	**-**	-
	24,000	-
Amounts owed by Group undertakings	**9,852,824**	6,907,730
Other debtors	**6**	8,268
	9,876,830	6,915,998

7. CASH AND CASH EQUIVALENT

Company	2019 £	2018 £
Cash at bank and in hand	**43,531**	1,084,945
Overdrafts	**-**	(1,473)
	43,531	1,083,472

8. TRADE AND OTHER PAYABLES

Company	2019 £	2018 £
Current		
Trade creditors	**-**	21,138
Amounts owed to Group undertakings	**400,000**	400,000
Other taxes and social security	**8,889**	-
Other payables	**1,443**	1,446
	410,332	442,584

9. SHARE CAPITAL

	2019 £	2018 £
Allotted, called up and fully paid		
4,406,397 (2018: 4,406,397) Ordinary shares of £0.00001 each	**50**	44
9,000,000 Ordinary A shares of £0.00001 each	**90**	90
100 Ordinary B shares of £1 each	**100**	100
203,214 Ordinary C shares of £0.00001 each	**2**	2
	242	236

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

- On 30 April 2019, 555,351 ordinary shares of £0.00001 each were issued at £4.5917 per share;

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

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

10. COMMITMENTS

The company has no commitments.

11. RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 24 to the Consolidated financial statements.

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

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