Kinaxia Logistics

2018

Annual Report and Financial Statements

Kinaxia Logistics

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Contents

Company Information

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G R Norfolk
P R Fields

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07466536

Registered office
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Chartered Accountants
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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 are pleased to share their strategic report and financial statements for the year ended 31 December 2018.

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

Our strategic acquisitions of established, successful and growing family owned logistics companies allow us to 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:

General Haulage

Warehousing

Pallet Services

Workshop

Recovery

Trunking

Contract Packing

Parcel Solutions

Freight Forwarding

Review of Business

Financial highlights

- Revenue growth of 40%; an increase of £33.0 million year on year

	2018	2017
	£000's	£000's
Revenue	**114,907**	**81,840**

- Earnings before interest, tax, depreciation and amortisation (EBITDA) up 21.3% as follows:

	2018	2017
	£000's	£000's
Profit from operating activities	3,703	3,965
Depreciation	5,597	3,703
EBITDA	**9,300**	**7,668**

Key Highlights:

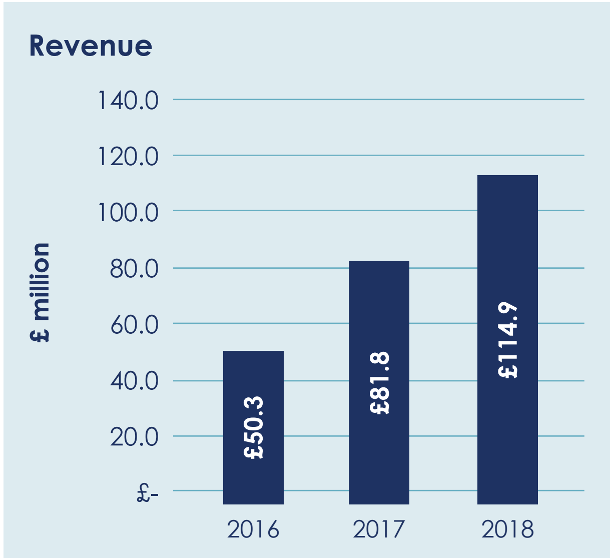
- Revenue increased 40%, reflecting the full year effect of four 2017 acquisitions and the impact of two additional businesses acquired during 2018.
- EBITDA for the year was up £1.634 million to £9.30 million. This was in line with expectations given the significant investments for growth made during the year and operational cost inflation throughout the group. The directors are satisfied with the performance for the year.
- 2018 was a year of significant long-term investment within several key areas of Kinaxia as follows:
  - Investment in acquisitions
  - Investment in new warehousing capability in the Midlands and North West
  - Investment in the Senior Management Team capability

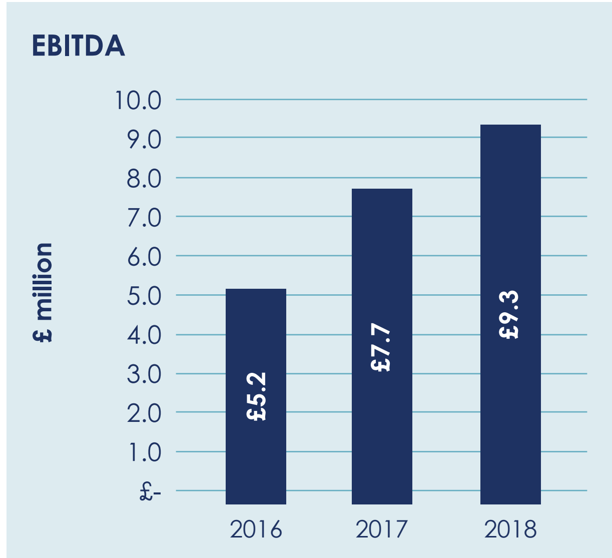
  We expect the benefits of this to be seen in future years.
- The Senior Management Team increased to support growth and delivery of key integration projects including IT systems and operational process alignment.
- Development of in-house Drivers Certificate of Professional Competence ("CPC") Training Centres.
- Two additional acquisitions during the year taking the group to approximately 850 trucks and 1,800 employees, operating 1.8 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 2018

Revenue
£114.9 million

40% Increase





Group Statistics

Square feet of warehousing
1,800,000

Vehicles in fleet
850

Operating businesses in Group
13

People

Started year with **1,100**

Ended year with **1,800**

Key movements

AKW Group Limited **400**

Fresh Freight Limited **135**

Kinaxia Group coverage

2018 has been transformational for the group.

The purchase of two new companies enhanced Kinaxia's presence in the North with the acquisition of AKW Group Limited in October and Fresh Freight Group Limited in November.

AKW is comprised of three operating subsidiary companies and is Kinaxia's largest acquisition to date. AKW operates the Northern Hub for Palletline and has particular expertise in warehousing and contract-packing.

Fresh Freight establishes a foothold in the North East and allows Kinaxia to provide refrigerated and parcel solutions. Fresh Freight also became Kinaxia's first Pallet-Track network member. Subsequent to the year end, Kinaxia acquired David Hathaway, based in Yate, Bristol.

Centralised group functions were further developed with a number of key appointments. In line with our Group strategy, we also implemented common systems, processes and business operations.

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

Acquisitions

The purchases of Fresh Freight Group and AKW Group brought with them new service provisions; chilled haulage, contract packaging, and parcel fulfilment, as well as substantially expanding the warehousing footprint. Operating out of Trafford Park, Manchester, and Birmingham, AKW provides general haulage, pallet services, warehousing (included bonded facilities) and contract packaging solutions. AKW is comprised of AKW Global Logistics, AKW Global Warehousing and AKW Global Logistics Birmingham. In January 2019 AKW took a fourth site at Trafford Park providing 333,000 sq. ft of warehousing for two dedicated blue-chip customers.

Fresh Freight Limited operates out of two sites in the North East just south of Newcastle upon Tyne. The business provides general haulage, pallet services, warehousing, freight forwarding, parcel services and refrigerated distribution services and is strategically positioned to expand Kinaxia's national coverage.

Compliance

The compliance team was strengthened during the year, with achievements including gaining FORS 5 and additional group accreditations. Enhanced telematics and other systems were also introduced.

Brand

Kinaxia Logistics brand values were refined with the birth of the acronym STAR, representing our core values Safe Talented Attentive Reliable (see page 15). The Kinaxia brand was reinforced across all platforms.

People

Based on feedback from the 2018 Employee Survey, HR strategies were further developed, with concentration on apprenticeships and establishing an employee forum to improve engagement and provide a platform to hear the employee 'voice'. The HR department was restructured on a regional basis to enable more effective use of resource focusing on meeting the business needs for attraction, retention, motivation and development of staff.

Fleet

Group fleet management was enhanced, with the continuing program of centralised procurement.

Technology and Systems

Implementation of key systems across the group continued. This included infrastructure integration, developing groupwide warehouse facilities, developing a training platform and rolling out CRM projects.

Operational highlights

Kinaxia's objective is to provide an end-to-end tailored service for our customers covering the complete lifecycle, from packing and storage to delivery fulfilment, providing a view of the journey in real time.

Kinaxia are developing K-Link, a direct trunking service as well as an efficient internal transfer operation. This enables all companies to process orders locally on a dedicated Kinaxia platform within the group to move pallets between regions, with complete control from start to finish. This allows Kinaxia to provide a streamlined personalised delivery service to an unrivalled standard, via local companies which know and cater for individual requirements and needs. This ensures a premium service from point of collection to point of delivery and at each touch point in the process.

Our transportation service is complemented by an extensive network of warehouse operations which can stage product, provide co-pack services, and offer container de-stuffing and consolidation, as well as traditional warehousing services.

"One way to visualise K-Link is Kinaxia companies being able to deliver pallets running along the strands of a web. In this way, pallets can get from point A to point B without going via the centre, or 'hub', but, instead, running along the strands of the web that connect each spoke. Apart from reducing cost, a key benefit of this approach for customers is the minimisation of the number of pallet 'touchpoints'."

Peter Fields, Director

The model of a centralised overview of localised operations provides distinct advantages in terms of procurement, sharing of resources, flexibility to deal with demand peaks, and facilitates dealing with national contracts at a local level. The model also allows for a robust, centralised, experienced leadership team to guide and influence the Managing Directors at a local regional level to ensure cohesion and consistency of operation.

The training delivered by the Kinaxia Academy to all individuals and companies ensures a consistent approach whether in Southampton or Newcastle. The academy includes programmes in driver training, legislation, customer interaction, and use and application of technology.

In 2018, focus was placed on telematics as a means of developing and enhancing driver behaviour, both in terms of the environmental impact and the conduct of drivers on the road. Kinaxia will continue to participate in trials of more environmentally friendly vehicles and invest in new technologies to ensure we are at the forefront of the industry, pushing the boundaries and contributing positively to the local community.

A Group Operations Director, Alistair Wood, was appointed to coordinate group operational activity, identify and develop synergies, and drive competitive advantage from Kinaxia's network of companies. The role will extend to the application of technology, systems management, and implementing best practice across both warehousing and transport.

Compliance

The health, safety and wellbeing of the public and colleagues in the workplace is a non-negotiable board level commitment and we believe that this is best achieved through ensuring strong leadership, training, compliance and cultural engagement throughout all areas of the group.

Each subsidiary within Kinaxia has a strong focus on compliance. The key objectives throughout 2018 were to continue the development and implementation of group-wide standards for the management, training and reporting of compliance at all operating levels. This was achieved through the expansion and development of our in-house, group-wide Compliance team, including Directors, Regional Managers and local on-site managers supported by a strong team of driver trainers. In order to better manage this at a group level, Mark Stevenson was appointed as the Head of Compliance for the group.

FORS (Fleet Operators Recognition Scheme) was originally implemented in 2017 across the Group and the operating company roll out continued during 2018. Throughout the year, all FORS annual audits were passed and, as we enter 2019, all group companies will move to the new FORS 5 standard which will be managed online through the development of the new Kinaxia Training portal (KT). Working under the FORS standard, each driver completes an in-depth induction and is provided with the Kinaxia Driver's handbook upon commencing employment. The 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.

Specific focus is given to details around vulnerable road users and providing important guidance on safeguarding pedestrians and cyclists. In addition, an extensive library of Toolbox talks has been established, aimed at ensuring the highest levels of safety and compliance are maintained. These are constantly being reviewed and rolled out through one-to-one training to ensure we continue to develop our highly skilled and trained workforce.

As well as the continued utilisation of TruTac to manage groupwide driver infringements and working time, additional telematics software has been installed to manage driver behaviour and analyse driving patterns. These systems are tracked weekly and reviewed to monitor the impact of initiatives and training programmes. This monitoring will continue to ensure compliance with DVSA regulations. We also work closely with our insurers to deliver ongoing driver awareness and training through thirdparty external experts to heighten awareness and act as a learning and preventative mechanism for drivers. All drivers will be trained through Kinaxia's Driver Academy to industry leading standards.

Kinaxia's compliance and training team are continuing the identification and implementation of additional standards, such as the British Retail Consortium (BRC) grading, with a view to achieving additional group accreditation, driving our main Key Performance Indicators (KPI's) and achieving the highest levels of operations across all companies in the Group.

Our focus is to maintain and improve the standards set whilst continuing to build on the infrastructure put in place throughout 2018. During early 2019, the new Kinaxia Academy was launched to deliver all in house training and development, as well as continuing the roll out of the new online portal KT (Kinaxia Training) for all levels of staff. Within the KT portal the focus is on continuing to provide all staff the most relevant and up to date online training and development. This training is paramount to the future safety of all Kinaxia employees and the public.

Marketing and brand

2018 has seen further successful acquisitions, increasing group turnover by 40% and extensively broadening national coverage.

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.

The Kinaxia Brand Guidelines were created and issued to each subsidiary business in 2018, to standardise the application of each individual company brand alongside the Kinaxia Group. During 2018, internal engagement focus groups helped develop and refine Kinaxia's core values. The cornerstone ideals of the original values remain the same and have been encapsulated by developing our STAR mnemonic to support communication and recognition. A creative launch campaign and recognition/ reward scheme intended to achieve group cohesion, synergy and consistency is in progress. This includes collaboration with the HR department to provide a set of behavioural performance metrics that are linked to the values.

Our STAR values

SAFE	Safety first every time. We take great care of each other, our customers and the environment in everything we do.
TALENTED	We actively encourage our teams to be agile, creative and efficient. We are constantly developing our talent.
ATTENTIVE	We actively listen to our colleagues and our customers' needs and work together as part of a family.
RELIABLE	We can be trusted and relied upon to deliver a consistent World-Class-Local service every time.

Safe Talented Attentive Reliable (STAR)

In line with a drive to improve engagement with employees and customers, 2018 has seen the development of a newsletter, with articles of industry and human interest in addition to local subsidiary news. Readership interaction is encouraged through competition and contribution.

Further investment is being made to improve internal communication by the development of a groupwide intranet, which will become a professional sharing platform accessible to all staff. To further engage customers, a new website is currently in development. This will streamline accessibility through one common page uniting the group subsidiaries.

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.

There were multiple business wins in 2018 brought to fruition through group cohesion in the sharing of resources, capacity and expertise. Acquisitions have further added services to the Kinaxia Logistics portfolio including Warehousing, Contract Packing, International Freight Forwarding, large scale full load operations, and increased groupage capability. This provides customers with an opportunity to extend their relationship with the group and streamline their service provision.

Kinaxia has supported subsidiary companies during 2018 in the review of customer performance and the implementation of account management best practice.

A cross-departmental effort is underway to establish standardised sales and account management processes across all businesses, with strategic projects for 2019 including the continued development of CRM, definition of target markets and consistent local procedures.

The group objectives for business development are designed to enhance local sales and account management efforts.

In June 2019, Kinaxia Logistics appointed a new Group Sales and Marketing Director, Vanessa Hope, to help drive sales and further develop CRM across the group.

Corporate social responsibility (CSR)

Corporate Social Responsibility is important for Kinaxia Logistics.

During 2018, CSR initiatives were started locally within each business. Our aim in 2019 is to collate these at a Group level and implement a central CSR strategy divided into Workplace, Environment, Business Ethics, and Community pillars. Kinaxia's long term aim is for these pillars to be internally audited and actively managed alongside our financial performance.

Workplace

This pillar is already well developed within the business, as shown in our People and Compliance section. Commitment to the wellbeing and safety of staff has been shown through the expansion of the Compliance team. In addition to this, Kinaxia has extensive programs and schemes to support staff development, training, and engagement (see the People section).

Environment

Kinaxia recognises that it has an environmental responsibility in all its activities and operations. We currently have policies implemented to increase our efficiency in the fleet. From 2016 we have only purchased Euro 6 engines, the latest standard for fuel-efficient vehicles. Our fleet is now 55% Euro 6 vehicles. We have also invested in double-decker trailers and longer length trailers, improving our efficiency and consequently reducing our environmental impact.

In 2018 we began to put in place a new telematics system and started a new driver training program to support it. Drivers are now given training on the impact of harsh braking and acceleration, improving their MPG, idling time, and overall performance. This system will be further developed with the aim of having it running Group-wide by the end of 2019. In 2018 we managed an improvement in our MPG from 8.09(2017) to 9.39. With our new telematics system, we hope to see this figure continue to improve. Our aim in 2019 is to conduct an environmental review of the business and start to implement an environmental management system. This will enable us to look at all aspects of our business, and make further improvements.

Community

Community-based initiatives are currently deployed throughout the group at a local level. Each business is encouraged to affiliate itself with a charity that is supported by staff and is important to them locally. We are looking to expand this in 2019 and adopt a charity at Group level based on our values.

Business Ethics

Kinaxia has a comprehensive suite of policies in place to ensure the business is working ethically at every level of our value chain including:

- Equal Opportunities Statement
- Anti-Bribery and Corruption Policy
- Modern Slavery and Human Trafficking
- Whistle-blower Policy.

People

Kinaxia's People Strategy is designed to support the individuality of each business whilst championing the growth of the Group through consistent approaches to staffing, remuneration, retention, training and development, with the core goal of empowering our employees to make a difference.

We now employ around 1,800 colleagues across the Group who are integral to continued business success and growth.

Training and Development

The training and development of people is a key accountability of our management team, who are supported to inspire, motivate and empower their teams, creating an engaged workforce that is contributing to the overall performance of the business. We do this by providing our people with the required training to be successful within their role and the opportunity to develop their potential and grow within the business.

To demonstrate our commitment to training people, the Kinaxia Academy was introduced. This currently delivers Joint Approvals Unit for Periodic Training (JAUPT) approved internal Certificate of Professional Competence (CPC) certification training to our Drivers and First Aid, Fire Marshall, Road Haulage CPC. The Kinaxia Academy training programme will continue to be developed in 2019 with the introduction of e-learning for staff at all level.

Leadership and Management

In order to grow as a business and meet strategic targets, our main priority is to establish an effective leadership and management team. To develop this strategy, potential talent is identified through competency assessments and the creation of individual Personal Development Plans to enhance our succession planning.

This strategy will be developed further in 2019 with the development of a Leadership Development Programme comprised of separate modules that incorporate the key requirements of the business to empower the existing leadership and management teams to develop both themselves and their colleagues.

Recruitment

Ensuring we have the right people, in the right jobs at the right time is essential to the successful delivery of the Kinaxia brand values.

To achieve this, there is a robust recruitment process in place, led by a dedicated internal Recruitment Department, focusing on individuals with both the relevant skill set and competencies required to maintain high levels of customer service.

The success of the recruitment process is also measured by our ability to embed individuals into the culture of each business through a comprehensive onboarding process. This programme is currently under development and will be implemented in 2019.

Kinaxia is constantly and proactively taking measures to address the aging driver demographic, with a focus on interpersonal interactions with potential candidates in 2019. Exhibit space has been secured at three Truckfest events across the UK, with a view to engaging potential candidates with the Kinaxia brand, encouraging uptake of driver vacancies. Truckfest is the largest trucking event in Europe and attracts a large volume of industry employees. At Truckfest North West 2018 Kinaxia received 93 applications from drivers at the event resulting in the recruitment of 31 full time staff. Kinaxia's internal recruitment team will be developed throughout 2019 with the strengthening of our staffing levels to continue the drive groupwide on attracting and retaining the best quality talent.

Employee Engagement

Communication is the key to improving employee engagement for Kinaxia Logistics. In 2018, an employee engagement survey was undertaken to identify the strengths and weaknesses of the group in engaging staff. Feedback was given to the personnel with regards to results, and a 'You said, we did' action plan created and communicated for each depot.

To enable cross business interaction, mixed demographic, Group wide bi-annual Engagement Workshops have been introduced, where representatives from each business come together to meet members of the senior management team. The purpose of these workshops is to discuss business updates and provide the opportunity for the workforce to have a voice on the future growth of the Group.

In addition to this, to improve communication at a local level, certain business units have a separate employee forum with representatives

from each department. This creates an opportunity to develop and maintain an open forum for communication and consultation on local business news and updates. The benefit of a Company Share Option Plan (CSOP) was introduced in November 2018, which has been piloted with the rollout to senior executives who meet the qualifying criteria. The vision is that this programme will be rolled out through the organisation in future years to provide wider access to the shareholder value being created by Kinaxia.

We also continue to review our reward and recognition programme with the sustained evolution of our employee benefits package, as well as incentives such as an enhanced Employee Referral Scheme which will continue to be developed in 2019.

Apprenticeship Programme

In 2018 Kinaxia focused on implementing a Group Apprenticeship Programme as a way of addressing the industry skills shortages and to encourage young people into the logistics industry. During 2018 we recruited 11 apprentices within the following functions:

- Workshop
- Warehouse
- Traffic
- Business Support

This programme will continue to grow throughout 2019 with the aim of recruiting additional apprentices, reaching a target of 3% of the workforce. The apprentice's journey will be further developed by providing dedicated and trained mentors for each apprentice and developing a Kinaxia Apprenticeship Network across the group, with an annual team building event.

Graham Norfolk

Dr Peter Fields

Ben Warrillow

Barry Germany

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.

Vanessa Hope

Mark Stevenson

Alistair Wood

Debbie Blackwell

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.

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

Panic
Dylan Kent
General Manager

AKW
Rebecca Davies
Warehousing Managing Director

Cammack
Jim Cammack
Managing Director

FFG
Dominic Quigley
Managing Director

Maidens
AJ Maiden
General Manager

David Hathaway
Matthew Hathaway
Managing Director

Kinaxia Logistics
Steve Gray
Midlands Region Managing Director

AKW
John Chambers
General Manager - AKW Birmingham

Fleet

After successfully centralising vehicle and trailer purchasing, 2018 closed with a total of 865 vehicles, 917 trailers and 7 workshops across the group.

During 2018, improvements to trailer specification were top of the agenda, particularly in relation to safety. Features such as the Haldex TEM Safe Parking System and the Rubbolite M828 flashing side marker indication unit were installed, as an extra safety warning for all, but especially vulnerable road users. All trailers are being fitted with tracking devices to control movement, prevent theft, and ensure maximum fleet utilisation.
Vehicle policy was updated to ensure all vehicles coming into the fleet were fitted with improved camera systems for load security and the review of accidents, incidents, near misses, as well as road etiquette. The cameras are 3 way on tractor units and 4 way on rigid vehicles. This gives the driver an all-round view of the vehicle's surroundings, as well as helping eliminate blind spots for the safety of drivers and other road users.

Projects for 2019 include making further improvements to workshop facilities throughout the group, including installing additional brake testers. Vehicle specification will be enhanced with park brake synthetic voice warning technology.

Technology and systems

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

Technology and systems underpin all activities and is a key enabler driving continuous improvement across the business. Our mission is to exceed the expectations of our customers and staff who depend on systems to enhance and improve their experience with the business.

During 2018, significant steps were taken to develop and improving group technology and systems, to both advance internal Group efficiencies as well as the customer experience.

Smart devices have now been installed in all vehicles, allowing the use of applications that enhance integration with our transport management systems. The improved connectivity enables real-time customer updates and helps operators utilise assets to the best effect.

Offering customers cost effective, efficient and responsible solutions is crucial to the success of the group. The connection and introduction of common systems and processes in the different companies that make up the Kinaxia family is key to this success. Technology has been implemented that enables the 'connection' of several traffic systems, which affords the seamless transfer of consignment information between depots and forms the heart of Kinaxia's K-Link operation. Tracking of goods and the real time delivery of information across the Kinaxia systems has produced an integrated solution for the benefit of the Group as a whole. Work to enhance this will continue during 2019.

Several Kinaxia subsidiaries have benefitted from the installation of new telecoms systems. Statistical information about calls has improved the measurement of efficiencies, ensuring the right staff with the right skills are available at the times they are needed most. The Finance department has been aided through the implementation of paperless invoicing systems, which have enhanced KPI reporting as well as reducing the paper wastage within the group.

Kinaxia Logistics Warehouse was equipped with the JDA Red Prairie Dispatcher warehouse management system. This market leading system allows precise, efficient operation and effortlessly integrates with customer systems. System capabilities will be further developed in 2019, and implementation will be rolled out to several other facilities within the Group.

At the end of November, one of the recently acquired Kinaxia subsidiaries, AKW Group Ltd, fell victim to a cyber-attack. The criminals infiltrated AKW's systems with advanced ransomware, which cyber-security specialists subsequently informed us were new variants of ransomware that were not detectable at the time.

A well-orchestrated business recovery plan and team of highly qualified experts were quickly appointed to disrupt this criminal attack, protecting the business from what could have resulted in widespread loss and harm. The recovery exercise saw the implementation of heightened system protection, deployed by internationally recognised cyber security and crisis management specialists. They were able to confirm that there had been no loss of data and no ransom was paid.

The main lesson taken from AKW's experience is that it is not a question of 'if' but 'when' such a cyber-attack will take place and that contingency and robust business continuity plans are essential. Thorough investigations have been conducted, and learning outcomes shared to inform and protect the group. The subsidiary has now been fully migrated to cloud storage, which was already the group standard, and infrastructure has been strengthened in every possible way to reduce the risks of a future attack.

Dependence on technology and systems requires continuous focus on its security and stability. Kinaxia utilises modern independent data centres that conform to the very highest standards in the industry. Continued investment will be made in technology and systems to drive continuous improvement, enhance procedures and governance, and ensure customers receive a market leading service.

Group Finance Director report

2018 has been a milestone year for the Group, marking the achievement of sufficient scale to enable the benefits of consolidation and savings to be achieved during 2019 and beyond.

2018 has been an exciting year of significant investment not just for acquisitions and for increases in our funding facilities with Permira Debt Managers, but also in developing our warehousing capability. The Group made two major investments totalling over 440,000 sq. ft. of high-quality warehousing at DIRFT, Daventry in August and Trafford Park, Manchester in December.

These warehouse investments, particularly the Daventry facility which launched in August 2018, incurred heavy setup costs. These related to rent, rates, labour and fit-out expenditure during 2018 which the Group expects to yield commercial benefits during 2019 and beyond. This has adversely impacted short term 2018 performance, but is part of a long-term sustainable strategy.

Further investment was also made in the acquisition of the JDA Red Prairie Warehouse Management System (WMS) which will be adopted as the WMS of choice across the Group.

This is all part of the Group strategy to develop the Kinaxia Logistics brand in the UK Warehousing Sector and utilise the combined management expertise from acquisitions to date.

Underlying business performance was tough across all subsidiaries as cost inflation increased heavily across the sector. The Group has absorbed several heavy cost increases for drivers, insurance and fuel price increases during 2018. Caution was taken to avoid passing the majority of this on to customers but Kinaxia is now better placed to roll out a programme of scheduled rate reviews during 2019 and to establish an annual review process in the future for all customers. The national driver shortage across the UK Logistics sector continues to put quality service providers at an advantage for customers who value strong service levels. Our investment in recruitment, vehicles, facilities and wage rates should continue to ensure we do our utmost to retain our loyal and experienced drivers across the group.

Cash flow has been impacted by the previously mentioned investments, cost inflation and the timing of deferred consideration payments.

Finance systems continue to be common across the group with the recent acquisitions also migrating to Sage 200. This allows automated monthly reporting across the entire group. We have also upgraded Sage 200 to ensure compliance with Making Tax Digital legislation. Billing processes continue to receive attention 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 which are simpler to administer.

Revenue growth for the year was an increase of 40%, reflecting the full year effect of four 2017 acquisitions and the impact of two additional businesses acquired during 2018.

Gross margin was maintained at 20% despite pressure from cost inflation.

EBITDA growth for the year was £1.632 million to £9.30 million or 21%. This was in line with expectations given the significant investments for growth made during the year. The group reported a loss for the year of £468k however this is after a number of setup costs within the warehousing functions and after significant due diligence and fee costs related to acquisitions. The majority of these costs are one off in nature.

Principal risks and uncertainties

Financial instruments

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

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

Other risks and uncertainties

We note the 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:

	2018	2017
	£000's	£000's
Revenue	114,907	81,840
Gross Margin	20%	20%
EBITDA	**9,300**	**7,668**

Other key performance indicators

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

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

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

G R Norfolk
Director
Date: 25/09/2019

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2018. 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 £468,397 (2017: Profit after tax of £483,964) The directors do not recommend the payment of a final dividend (2017: £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 April 2019 the Group acquired the entire share capital of David Hathaway Holdings Limited, a £14 million transport and warehousing business based at Yate, Bristol. At the same time, the Group agreed a significant increase in its Loan Facility with Permira Debt Managers of £14.5 million.

On 31st May 2019 all the trading assets and liabilities of BC Transport 2017 Limited were transferred to William Kirk Limited. Both companies are 100% owned subsidiaries of Kinaxia Limited.

Going Concern

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

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: 25/09/2019

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 2018, 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 2018 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.

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: 26/09/2019

Consolidated statement of comprehensive income

For the Year Ended 31 December 2018

	Note	2018 £	2017 £
Continuing operations			
Revenue	5	**114,907,093**	81,839,804
Cost of sales		**(91,643,258)**	(65,442,721)
Gross profit		**23,263,835**	16,397,083
Administrative expenses		**(19,820,838)**	(12,691,600)
Other operating income	6	**260,644**	259,322
Profit from operating activities	7	**3,703,641**	3,964,805
Income from fixed asset investments	9	**2,336**	8,625
Finance costs	10	**(4,467,822)**	(3,407,107)
Finance income	10	**6,305**	1,014
(Loss)/profit for the financial year before taxation		**(755,540)**	567,337
Tax income/(expense)	12	**287,143**	(83,373)
(Loss)/profit and total comprehensive income for the financial year attributable to the equity holders		**(468,397)**	483,964

The accompanying notes form part of these financial statements.

Consolidated balance sheet

As at 31 December 2018 Registered number: 07466536

	Note	2018 £	2017 £
Assets			
Non-current assets			
Intangible assets	**14**	**46,099,081**	30,857,206
Property, plant and equipment	**15**	**46,803,914**	28,020,834
Investments	**13**	**258,417**	203,566
Total non-current assets		**93,161,412**	59,081,606
Current assets			
Inventories	16	**455,492**	391,285
Trade and other receivables	17	**34,697,538**	21,168,155
Cash and cash equivalents	18	**8,049,268**	5,266,228
Total current assets		**43,202,298**	26,825,668
Total assets		**136,363,710**	85,907,274
Liabilities			
Current liabilities			
Borrowings	20	**18,945,532**	15,592,934
Trade and other payables	19	**25,163,837**	14,300,593
Total current liabilities		**44,109,369**	29,893,527
Non-current liabilities			
Borrowings	20	**76,128,881**	39,765,106
Trade and other payables	19	**1,695,259**	5,945,791
Provisions	22	**533,206**	386,125
Deferred tax	12	**583,410**	197,243
Total non-current liabilities		**78,940,756**	46,294,265
Total liabilities		**123,050,125**	76,187,792
Net assets		**13,313,585**	9,719,482
Equity			
Share capital	21	**236**	225
Share premium		**9,291,042**	5,228,553
Revaluation reserve		**484,000**	495,000
Retained earnings		**3,538,307**	3,995,704
Total equity attributable to the owners of the Company		**13,313,585**	9,719,482

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: 25/09/2019

The accompanying notes form part of these financial statements.

Consolidated statement of changes in shareholders’

For the Year Ended 31 December 2018

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

Consolidated cash flow statement

As at 31 December 2018 Registered number: 07466536

	Note	2018 £	2017 £
Cash flows from operating activities			
(Loss)/profit for the year		**(468,397)**	483,964
Adjustments for:			
Depreciation of property, plant and equipment	15	**5,596,943**	3,702,504
Profit on disposal of tangible assets	7, 14	**(521,669)**	(88,389)
Interest payable	10	**4,467,822**	3,407,107
Finance income	10	**(6,305)**	(1,014)
Dividend received from unlisted investment	9	**(2,336)**	(8,625)
Tax expense	12	**(287,143)**	83,373
Operating cash flows before movements in working capital		**8,778,915**	7,578,920
Decrease/ (Increase) in inventories		**(4,293)**	(66,796)
Increase / (Decrease) in trade and other receivables		**(112,048)**	6,438,576
(Decrease)/Increase in trade and other payables		**(1,236,084)**	(1,144,208)
Cash generated by operations		**7,426,490**	7,578,920
Income tax paid		**292,847**	(599,181)
Net cash generated from operating activities		**7,719,337**	12,207,311
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		**(23,325,125)**	(22,162,010)
Acquisition of property, plant and equipment		**(13,556,002)**	(4,955,853)
Proceeds from disposal of fixed assets		**3,738,591**	517,474
Interest received		**6,305**	1,014
Hire purchase interest paid		**(508,037)**	(284,157)
Dividends received		**2,336**	8,625
Net cash used in investing activities		**(33,641,932)**	(26,874,907)
Cash flows from financing activities			
Proceeds from issue of share capital		**4,062,500**	3,205,000
New bank loans raised		**29,100,000**	14,278,032
Interest paid on borrowings		**(2,706,460)**	(2,054,540)
Repayments of bank borrowings		**(4,341,385)**	(1,418,426)
Loan (repaid to)/received from director		-	(550,000)
Net movement of obligations under finance lease		**2,590,980**	3,313,312
Net cash used in financing activities		**28,705,635**	16,773,378
Net increase/ (decrease) in cash and cash equivalents		**2,783,040**	2,105,782
Cash and cash equivalents at 1 January 2017		**5,266,228**	3,160,446
Cash and cash equivalents at 31 December 2017		**8,049,268**	5,266,228

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the Year Ended 31 December 2018

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 2018 and the comparative year ended 31 December 2017 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 2018 were authorised for issue by the board of directors on 25 September 2019 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.

Adoption of New and Revised Standards

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018 that had a significant effect on the Group's financial statements.

Basis of measurement

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

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 group has net current liabilities of £907,071 and incurred losses of £468,397 for the year ended 31 December 2018. The consolidated financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of these financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. To assist in this process, management has completed a budgeting process for the financial year ending 31 December 2019, incorporating a detailed income statement and cash flow analysis. A high level forecast has also been completed for the year ended 31 December 2020. 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 Group's continued trading position. The Directors have therefore adopted the going concern basis in preparing these Consolidated Financial Statements.

Basis of Consolidation

The Group's financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 December 2018. 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 intraGroup balances and transactions, including unrealised profits arising from them, are eliminated in full.

Segmental Reporting

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

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

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

Revenue Recognition

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

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

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

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

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

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

Provisions

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

Dividends

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

Finance income and costs

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

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

Rental income

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

Valuation of investments

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

New Accounting Standards

The directors have considered all new and amended Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Reporting Interpretations Committee (IFRIC). New standards impacting the Group that have been adopted in the financial statements for the year ended 31 December 2018 and have given rise to changes in the Group's accounting policies and disclosures are IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers.

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

Title	Key issues	Effective date	Impact
IFRS 16 – Leases	IFRS16 was issued in January 2016 and is effective from 1 January 2019, eliminating classification of leases as operating leases or finance leases and setting out a single lease accounting model.	Periods beginning 1 January 2019, subsequent to EU endorsement.	Significant impact on the Balance Sheet (operating lease commitments of £21.5m will be brought onto the Balance Sheet). Income Statement presentation will also be impacted. The measurement and impact of both is currently under review.

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

Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015-17 Cycle
Amendment to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IAS 7	Disclosure Initiative

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.

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 £235,000 for the year ended 31 December 2018 (2017: £213,000).

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

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

Disaggregation of Revenue

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.

	2018 £	2017 £
Haulage activities	**105,119,814**	75,772,080
Warehousing	**9,787,279**	6,067,724
	114,907,093	81,839,80

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

	2018 £	2017 £
Other operating income	**260,644**	259,322

Other operating income arises mainly from the investment properties the Group maintains. Since this is not considered to be part of the main revenue generating activities, the Group presents this income separately from revenue.

7. PROFIT FROM OPERATING ACTIVITIES

	2018 £	2017 £
This is stated after charging/(crediting) the following		
Employee benefit costs (note 11)	**38,244,526**	27,954,489
Cost of inventories recognised as expense	**15,481,203**	10,332,790
Foreign exchange loss/(gain)	**1,984**	(1,299)
Defined contribution scheme	**604,363**	404,948
Depreciation of property, plant and equipment:		
Owned assets	**2,325,925**	1,608,446
Under finance leases	**3,271,018**	2,094,058
Gain on disposal of property, plant and equipment	**(521,669)**	(88,389)
Rentals under operating leases:		
Hire of plant and machinery	**2,362,407**	2,145,433
Land and buildings	**3,289,168**	2,777,218

8. AUDITOR'S REMUNERATION

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**118,000**	74,650
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	**13,150**	8,400
All other services	**7,250**	5,750
	20,400	14,150

Auditors' fees for the company were £5,250 (2017: £5,250).

9. INCOME FROM FIXED ASSET INVESTMENTS

	2018 £	2017 £
Dividends received from unlisted investments	**2,336**	8,625

10. FINANCE INCOME AND COSTS

	2018 £	2017 £
Interest expense:		
Bank borrowings	**3,499,261**	2,787,223
Finance leases	**508,037**	284,147
Other loans	**460,524**	335,737
Finance cost	**4,467,822**	3,407,107
Finance income		
Bank interest receivable	**6,305**	1,014

11. EMPLOYEES AND DIRECTORS

	2018 No.	2017 No.
Average number of employees (including executive directors)		
Managerial and administrative	**290**	204
Drivers and warehouse	**1,249**	881
	1,539	1,085

	2018 £	2017 £
Staff costs for the Group during the year		
Wages and salaries	**35,111,158**	25,179,944
Social security costs	**2,529,005**	2,369,597
Other pension costs	**604,363**	404,948
Total remuneration	**38,244,526**	27,954,489

Directors' remuneration

During the year, no directors received any emoluments from the Group or Company (2017: £nil). During the year, retirement benefits were accruing to no directors (2017: £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 £904,145 (2017: £737,993).

12. TAXATION

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

	2018 £	2017 £
Current tax		
UK Corporation tax	**(101,107)**	249,187
Adjustments in respect of previous periods	-	-
Total current tax	**(101,107)**	249,187
Deferred tax		
Reversal of timing differences	**(186,036)**	(165,814)
Total taxation for the financial year	**(287,143)**	83,373

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the UK of 19% (2017: 19%). The differences are reconciled as follows:

Reconciliation of taxation charge	2018 £	2017 £
(Loss)/profit on ordinary activities before tax	**(755,540)**	567,337
Tax on (loss)/profit on ordinary activities at 19% standard rate of tax (2017: 19%)	**(143,553)**	107,794
Non-deductible expenses	**47,594**	38,273
Depreciation in excess of capital allowances	**143,811**	59,055
Dividends from UK companies	**(444)**	(1,639)
Other differences	**(334,551)**	(120,110)
Total taxation (credit)/charge	**(287,143)**	83,373

Deferred tax liability	2018 £	2017 £
At 1 January 2018	**197,243**	196,779
Arising on business combinations	**572,203**	166,278
Reversal of timing differences	**(186,036)**	(165,814)
At 31 December 2018	**583,410**	197,243
Comprising:		
Accelerated capital allowances	**583,410**	197,243
	583,410	197,243

Factors that may affect future tax expenses
There were no factors that may affect future tax charges.

13. FIXED ASSET INVESTMENTS

Group	Unlisted investments	
	2018	2017
	£	£
Cost and net book value		
At 1 January 2018	**203,566**	169,645
On acquisition of subsidiaries	**54,851**	33,921
At 31 December 2018	**258,417**	203,566

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 2018	**30,857,206**
Additions (note 27)	**15,241,875**
At 31 December 2018	**46,099,081**
Accumulated amortisation and impairment	
At 1 January 2018	-
Impairment losses	-
At 31 December 2018	-
Net book value	
At 31 December 2018	**46,099,081**
31 December 2017	30,857,206

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:

Goodwill carrying amount

	2018	2017
	£	£
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**	-
Fresh Freight Limited	**1,132,861**	-
	46,099,081	30,857,206

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 2017	7,766,855	613,637	8,303,850	702,269	17,386,611
Acquired with subsidiaries	2,052,932	1,119,086	10,004,061	31,903	13,207,982
Additions	619,361	343,384	3,923,407	69,701	4,955,853
Disposals	-	(109,150)	(2,180,737)	(43,909)	(2,333,796)
At 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 31 December 2018	**17,122,149**	**4,795,345**	**28,457,592**	**2,001,454**	**52,376,540**
Depreciation					
At 1 January 2017	266,403	342,444	2,459,408	329,768	3,398,023
Charge in the year	195,904	316,382	3,137,999	52,219	3,702,504
Disposals	-	(68,093)	(1,836,618)	-	(1,904,711)
At 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 31 December 2018	**733,549**	**1,402,184**	**3,220,290**	**216,603**	**5,572,626**
Net book value					
At 31 December 2018	**16,388,600**	**3,393,161**	**25,237,302**	**1,784,851**	**46,803,914**
At 31 December 2017	9,976,841	1,376,224	16,289,792	377,977	28,020,834

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

	2018 £	2017 £
Motor vehicles	**15,324,704**	12,195,928
Plant & machinery	**5,555,907**	234,274
	20,880,611	12,430,202

16. INVENTORIES

Group	2018 £	2017 £
Fuel, tyres and spares	**455,492**	391,285

There is no impairment provision in respect of inventories. Inventories represent the value of fuel, tyres and spares supplies as at 31 December 2018. 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	2018 £	2017 £
Current		
Trade receivables	**29,675,651**	18,986,927
Less: provision for impairment of trade receivables	**(78,636)**	(88,628)
	29,597,015	18,898,299
Other debtors	**1,376,831**	116,968
Prepayments and accrued income	**3,723,692**	2,152,888
	34,697,538	21,168,155

The fair value of trade and other receivables approximates to book value at 31 December 2018 and 2017. The ageing of trade receivables and associated provision for impairment is detailed below:

Group	2018 Trade receivables £	2018 Provision for impairment £	2017 Trade receivables £	2017 Provision for impairment £
Current	**13,315,333**	-	9,011,163	-
Overdue less than 1 month	**11,518,704**	-	7,358,388	-
Overdue 1-2 months	**3,603,818**	-	1,781,116	-
Overdue more than 2 months	**1,237,796**	**(78,636)**	836,260	(88,628)
	29,675,651	**(78,636)**	18,986,927	(88,628)

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:

	2018 £	2017 £
At 1 January	**(88,268)**	(8,300)
Receivable written off during the year as uncollected	-	12,556
Provision for amount considered at risk of non-collection	**(56,535)**	-
Release of provision following collection of items previously provided for	**92,884**	-
Arising on acquisition of subsidiaries	**(26,357)**	(92,884)
At 31 December	**(78,636)**	(88,628)

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	2018 £	2017 £
Cash at bank available on demand	**8,049,268**	5,266,228

19. TRADE AND OTHER PAYABLES

Group	2018 £	2017 £
Current		
Trade payables	**13,001,930**	8,553,894
Other taxes and social security	**4,252,129**	3,157,668
Corporation tax payable	**478,732**	286,992
Accruals and deferred income	**3,975,251**	1,346,009
Other payables	**3,455,795**	956,030
	25,163,837	14,300,593

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 44 days (2017: 44 days).

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

Group	2018 £	2017 £
Non-current		
Other payables	**1,695,259**	5,945,791

Included within other payables is an amount of £nil (2017: £80,000) which is secured by a guarantee arrangement between Kinaxia Limited and William Kirk Limited, a subsidiary of Kinaxia Limited.

20. BORROWINGS

Group	2018 £	2017 £
Current		
Bank overdrafts	**194,311**	-
Bank loans	**55,039**	50,136
Finance lease liabilities	**5,887,310**	4,107,354
Invoice discounting facilities	**12,808,872**	11,435,444
	18,945,532	15,592,934
Non-current		
Bank loans	**64,425,598**	34,638,728
Finance lease liabilities	**11,703,283**	5,126,378
	76,128,881	39,765,106

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 (2017: £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 (2017: £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 £43,944 were amortised through the Consolidated Statement of Comprehensive Income.

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

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

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

20. BORROWINGS (continued)

The maturity profile of the financial liabilities as at 31 December 2018 is set out below:

Group	2018 £	2017 £
Due within 1 year		
Bank overdrafts	**194,311**	-
Finance lease liabilities	**5,887,310**	4,107,354
Bank loans	**55,039**	50,136
Invoice discounting facility	**12,808,872**	11,435,444
Due between 2 and 5 years		
Finance lease liabilities	**11,703,283**	5,126,378
Bank loans	**64,133,417**	34,262,776
Due after 5 years		
Bank loans	**292,181**	375,952
	95,074,413	55,358,040

Finance leases
Future minimum lease payments under finance leases are as follows:

Group	2018 £	2017 £
Not later than 1 year	**6,630,794**	4,363,291
Later than 1 year and no later than 5 year	**12,310,597**	5,456,320
	18,941,391	9,819,611
Future finance charge on finance leases	**(1,350,798)**	(585,879)
Present value of finance lease liabilities	**17,590,593**	9,233,732

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

Group	2018 £	2017 £
Not later than 1 year	**5,887,310**	4,107,354
Later than 1 year and no later than 5 year	**11,703,283**	5,126,378
	17,590,593	9,233,732

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

21. SHARE CAPITAL

Group	2018 £	2017 £
Allotted, called up and fully paid		
4,406,397 Ordinary shares of £0.00001 each	**44**	33
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
	236	225

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

- On 4 October 2018, 854,686 ordinary shares of £0.00001 each were issued at £3.5832 per share;
- On 21 November 2018, 263,903 ordinary shares of £0.00001 each were issued at £3.7893 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.

22. PROVISIONS

Group	Dilapidations £
Non-current	
At 1 January 2018	**386,125**
Arising on acquisition of subsidiary	**147,081**
At 31 December 2018	**533,206**

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

23. RELATED PARTY TRANSACTIONS

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

Group

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

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
Thermotech Solutions Limited	a	-	-	-	-
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	-	-

2017		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	-	1,558
Thermotech Solutions Limited	a	3,392	6,377	-	346
Mondil Limited	b	-	140,000	-	8,783
Motzab Limited	c	-	135,452	-	1,740
B&L Partnership Limited	c	-	114,000	-	14,400
Foulger Warehousing Limited	c	1,971	399,547	202	9,647
Cammack Properties Limited	d	-	70,100	-	23,999
Relocatable Buildings Limited	e	10,658	-	750	-

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

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

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

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

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

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

24. COMMITMENTS

Operating lease arrangements

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

Group	2018 £	2017 £
Land and buildings		
Within one year	**3,249,247**	1,208,250
Between two and five years	**8,940,845**	4,833,000
More than five years	**3,254,458**	3,812,708
	15,444,550	9,853,958

Group	2018 £	2017 £
Plant and Equipment		
Within one year	**2,061,950**	434,096
Between two and five years	**4,035,495**	274,517
More than five years	**32,047**	-
	6,129,492	708,613

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 £604,363 (2017: £404,948). Contributions totalling £175,606 (2017: £70,180) were payable to the fund at the balance sheet date.

Capital commitments

At 31 December 2018, the Group had capital commitments contracted for but not provided in these financial statements of £254,007 (2017: £nil).

25. POST BALANCE SHEET EVENTS

In April 2019, the Group acquired the entire share capital of David Hathaway Holdings Limited, a £14 million transport and warehousing business based at Yate, Bristol. At the same time the Group agreed an increase in its Loan Facility with Permira Credit Solutions of £14.5 million.

On 31 May 2019, all the trading assets and liabilities of BC Transport 2017 Limited were transferred to William Kirk Limited. These are both wholly owned subsidiaries of the Group.

26. CONTROLLING PARTY

There is no overall controlling party.

27. ACQUISITIONS

During the year ended 31 December 2018, the Group made the following acquisitions:

- AKW Group Limited and subsidiaries (AKW) – 4 October 2018
- Fresh Freight Limited and subsidiaries (Fresh Freight) – 27 November 2018

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

	AKW	Fresh Freight	Total
	£	£	£
Net assets acquired	10,056,507	2,109,117	12,165,624
Fair value adjustments	(1,246,456)	(161,668)	(1,408,124)
Fair value recognised on acquisition	8,810,051	1,947,449	10,757,501
Consideration	22,919,065	3,080,310	25,999,375
Goodwill	**14,109,014**	**1,132,861**	**15,241,875**

The post-acquisition results of the businesses acquired are:

	AKW	Fresh Freight	Total
	£	£	£
Revenue	9,888,576	1,146,350	11,034,926
Profit/(loss) before tax and after management charges	(344,442)	58,409	(286,033)

If the businesses had been acquired on 1 January 2018, the results of the businesses acquired would have been:

	AKW	Fresh Freight	Total
	£	£	£
Revenue	36,958,713	16,144,258	53,102,971
Profit before tax and after management charges	1,396,512	460,735	1,857,247

27. ACQUISITIONS (continued)

AKW Group Limited

	Book value	Adjustment	Fair value
	£	£	£
Intangible assets	607,558	(607,558)	-
Property, plant and equipment	13,253,148	-	13,253,148
Investments	54,642	-	54,642
Stock	48,750	-	48,750
Receivables	9,920,359	-	9,920,359
Cash	2,315,200	-	2,315,200
Payables	(6,086,880)	(638,898)	(6,725,778)
Finance leases	(5,472,779)	-	(5,472,779)
Loans	(3,940,970)	-	(3,940,970)
Deferred tax	(495,440)	-	(495,440)
Provisions	(147,081)	-	(147,081)
	10,056,507	**(1,246,456)**	**8,810,051**
Fair value of consideration paid			
Cash			19,856,565
Issue of shares			3,062,500
Total consideration			**22,919,065**
Goodwill			**14,109,014**

The fair value adjustment represents inclusion of an estimated tax liability at the date of acquisition as well as the write off of goodwill which arose on previous acquisitions. Transaction costs, (£186,466), associated with the acquisition have been recorded directly in the income statement. The goodwill arising on the acquisition is not deductible for tax purposes.

27. ACQUISITIONS (continued)

Fresh Freight

	Book value £	Adjustment £	Fair value £
Intangible assets	75,296	(75,296)	-
Investments	260	-	260
Property, plant and equipment	754,261	-	754,261
Inventory	11,164	-	11,164
Receivables	3,698,362	-	3,698,362
Cash	359,051	-	359,051
Payables	(2,396,562)	(109,000)	(2,505,562)
Finance leases	(293,324)	-	(293,324)
Deferred tax	(99,391)	22,628	(76,763)
	2,109,117	**(161,668)**	**1,947,449**
Fair value of consideration paid			
Cash			2,080,310
Issue of shares			1,000,000
Total consideration			**3,080,310**
Goodwill			**1,132,861**

£100,000 of the cash consideration is contingent on the level of revenue in respect of certain customers in the 12 months following the acquisition of the company. It is anticipated that the Group will pay this amount and therefore it has been provided for in full. The fair value adjustment represents inclusion of an estimated tax liability at the date of acquisition as well as the write off of goodwill which arose on previous acquisitions. Transaction costs, (£100,156), associated with the acquisition have been recorded directly in the income statement. The goodwill arising on the acquisition is not deductible for tax purposes.

28. NOTES SUPPORTING STATEMENT OF CASH FLOWS

	Non-current loans and borrowings £	Current loans and borrowings £	Total £
At 1 January 2017	27,270,118	1,019,686	28,289,804
Cash flows	11,139,580	14,573,248	25,712,828
Non-cash flows	1,355,408	-	1,355,408
At 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 31 December 2018	**76,187,792**	**18,945,532**	**95,133,324**

Company Balance Sheet

As at 31 December 2018 Registered number: 07466536

	Notes	2018 £	2017 £
Assets			
Non-current assets			
Investments	5	**8,401,724**	8,401,724
Total non-current assets		**8,401,724**	8,401,724
Current assets			
Trade and other receivables	6	**6,915,998**	3,958,395
Cash and cash equivalents	7	**1,084,945**	24,514
Total current assets		**8,000,943**	3,982,909
Liabilities			
Current liabilities			
Bank overdrafts	7	**1,473**	-
Trade and other payables	8	**422,581**	442,880
Total current liabilities		**424,054**	442,880
Net current assets/(liabilities)		**7,576,889**	3,540,029
Net assets		**15,978,613**	11,941,753
Equity			
Share capital	9	**236**	225
Share premium		**9,291,045**	5,228,55
Retained earnings		**6,687,332**	6,712,975
Total equity attributable to the owners of the Company		**15,978,613**	11,941,753

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 £25,643 (2017: profit of £4,865,657).

The financial statements on pages 57 to 63 were approved by the Board of Directors and were signed on its behalf by:

G R Norfolk, Director
Date: 25/09/2019

The accompanying notes form part of these financial statements.

Company Statement of Changes in Shareholders' Equity

For the Year Ended 31 December 2018

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

Notes to the company financial statements

For the Year Ended 31 December 2018

1. ACCOUNTING POLICIES

Accounting Convention

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

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

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

Financial Reporting Standard 102 – reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Debtors

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

Cash and cash equivalents

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

Taxation

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

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

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

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

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

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

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

Carrying value of investments

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

Provision for impairment on receivables

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

3. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income. The loss dealt with in the financial statements of the Company was £25,643 (2017: profit of £4,865,657).

The average monthly number of employees, including the directors, during the year was 2 (2017: 2).

4. AUDITORS' REMUNERATION

Auditors' fees for the company were £5,250 (2017: £5,250).

5. FIXED ASSET INVESTMENTS

Company **Investment in subsidiary undertakings**	**2018** **£**	2017 £
Cost and net book value		
At 1 January 2018 and 31 December 2018	**8,401,724**	8,401,724

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

Company	Business activity	Holding	Registered office
Kinaxia Logistics Limited	Intermediate holding company	100%	Kinaxia Adlington Business Park, Adlington, Macclesfield, England, SK10 4NL
Kinaxia Transport & Warehousing Limited	Intermediate holding company (a)	100%	Kinaxia Adlington Business Park, Adlington, Macclesfield, England, SK10 4NL
William Kirk Limited	General haulage and warehousing (b)	100%	Adlington Industrial Estate, London Road Adlington, Macclesfield, Cheshire, SK10 4NL
Bay Freight Limited	General haulage and warehousing (b)	100%	Tameside Freight Terminal, Premier House Tame Street, Stalybridge, Cheshire, SK15 1ST
N C Cammack and Son Limited	General haulage and warehousing (b)	100%	Unit 11 Spitfire Drive, Earls Colne Business Park, Earls Colne, Essex C06 2NS
Foulger Transport Limited	General haulage and warehousing (b)	100%	The Circuit, Snetterton, Norfolk, NR16 2JU
Lambert Brothers Haulage Limited	General haulage and warehousing (b)	100%	Woodside Avenue, Eastleigh, Hampshire, SO50 4ZR
Lambert Brothers Holdings Limited	Property (b)	100%	Woodside Avenue, Eastleigh, Hampshire, SO50 4ZR
Ensco 898 Limited	Property	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

5. FIXED ASSET INVESTMENTS (continued)

Company	Business activity	Holding	Registered office
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
Internet Distribution Highway Limited	Dormant (d)	100%	The Railhead Building, Earlsway, Team Valley Trading Estate, Gateshead, NE11 0QY
Specialist Logistics Solutions (SLS) Limited	Dormant (d)	100%	The Railhead Building, Earlsway, Team Valley Trading Estate, Gateshead, NE11 0QY
BC Transport (Bollington) 1991 Limited	Dormant (b)	100%	Unit 18, Adlington Business Park, Adlington, Macclesfield, SK10 4NL
GL Central Limited	Dormant (c)	100%	Alba Way, Stretford Motorway Estate, Stretford, Manchester, M32 0ZH
Kinaxia Logistics Training Limited	Dormant (b)	100%	Fawside Farm, Longnor, Buxton, Derbyshire, SK17 0RA

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

6. TRADE AND OTHER RECEIVABLES

Company	2018 £	2017 £
Current		
Trade receivables	-	-
Less: provision for impairment of trade receivables	-	-
Amounts owed by Group undertakings	**6,907,730**	3,928,040
Other debtors	**8,268**	30,355
	6,915,998	3,958,395

7. CASH AND CASH EQUIVALENT

Company	2018 £	2017 £
Cash at bank and in hand	**1,084,945**	24,514
Overdrafts	**(1,473)**	-
	1,083,472	24,514

8. TRADE AND OTHER PAYABLES

Company	2018 £	2017 £
Current		
Trade creditors	**21,138**	-
Amounts owed to Group undertakings	**400,000**	400,000
Other taxes and social security	-	1,437
Accruals and deferred income	-	40,000
Other payables	**1,446**	1,443
	422,584	442,880

9. SHARE CAPITAL

Group	2018 £	2017 £
Allotted, called up and fully paid		
4,406,397 Ordinary shares of £0.00001 each	**44**	33
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
	236	225

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

- On 4 October 2018, 854,686 ordinary shares of £0.00001 each were issued at £3.5832 per share;
- On 21 November 2018, 263,903 ordinary shares of £0.00001 each were issued at £3.7893 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 23 to the Consolidated financial statements.

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

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