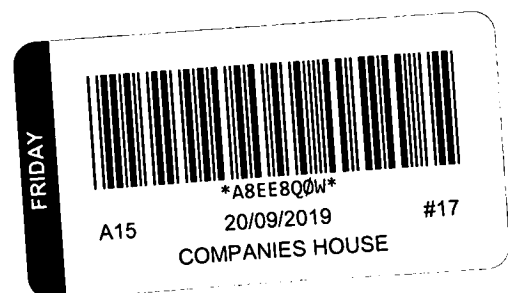


Company Registration No. 01612058 (England and Wales)

ACUMEN DISTRIBUTION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



ACUMEN DISTRIBUTION LIMITED

COMPANY INFORMATION

| | | |
|--------------------------|---|----------------------------|
| Directors | J Hodges C Doughty S Brown N Ashraf J Doughty | (Appointed 22 August 2019) |
| Secretary | The Oxford Secretariat Limited | |
| Company number | 01612058 | |
| Registered office | Winter Hill House Marlow Reach Station Approach Marlow Buckinghamshire SL7 1NT | |
| Auditor | Mercer & Hóle Batchworth House Batchworth Place Church Street Rickmansworth Hertfordshire WD3 1JE | |
| Business address | Acumen House Park Circle Tithe Barn Way Swan Valley Northampton NN4 9BH | |

ACUMEN DISTRIBUTION LIMITED

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ACUMEN DISTRIBUTION LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report and financial statements for the year ended 31 December 2018.

Fair review of the business

The profit and loss on page 6 shows turnover of £13,655,468 (2017 - £13,416,020). This produced a profit before taxation of £210,413 (2017 - £147,872).

The balance sheet shows that the company's net assets at the year end have increased from £4,236,834 to £4,371,088.

Principal risks and uncertainties

Management continually monitor the key risks facing the company, together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

The principal risks and uncertainties facing the company are as follows:

Legislative

The company has systems and procedures in place to ensure compliance with, and to manage, the impact of changes in Government legislation such as the Working Time Directive, TUPE, fuel duty, vehicle operating procedures, environmental and vehicle emission requirements.

Financial and Liquidity

The company's forecasts and projections show that the company should be able to operate within its current facilities for a period of at least the next 12 months. Management continues to monitor and control working capital and capital expenditure requirements very closely.

Competitor pressure

The market in which the company operates is considered to be extremely competitive, and therefore competitor pressure could result in losing sales to key competitors. The company manages this risk by providing quality services and maintaining strong relationships with its key customers.

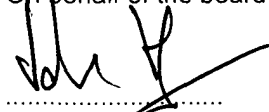
Key performance indicators

The directors review internal management accounts on a monthly basis and consider their detailed review of operating margins and compliance as the best indicator of performance and position of the business.

Future Developments

The directors plan to win new business and secure current contracts during 2019 within its existing transportation market. There are also plans to continue the company's capital investment programme into the core fleet of vehicles next year.

On behalf of the board



J Hodges

Director

17 Sept 2019

ACUMEN DISTRIBUTION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Hodges
C Doughty
S Brown
N Ashraf
J Doughty

(Appointed 22 August 2019)

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend the payment of a final dividend. An interim dividend of £99,996 (2017 - £99,996) being £999.96 per share was paid during the year.

Financial instruments

Financing facility and other instruments

The company's principal financial instrument comprises of the financing facility held by the Group which at the year end amounted to £5,400,000 and is the main source of funds for financing the group and company's operations.

The company also uses hire purchase agreements as a way of financing the purchase of fixed assets which play a key role in the operation of the business.

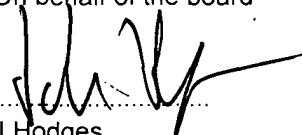
Auditor

The auditor, Mercer & Hole, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



J Hodges
Director

Date: 17 Sept 2019

ACUMEN DISTRIBUTION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the annual report and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ACUMEN DISTRIBUTION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF ACUMEN DISTRIBUTION LIMITED

Opinion

We have audited the financial statements of Acumen Distribution Limited (the 'company') for the year ended 31 December 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

ACUMEN DISTRIBUTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF ACUMEN DISTRIBUTION LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's member 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 member those matters we are required to state to them in an auditor's 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 member for our audit work, for this report, or for the opinions we have formed.

Alexander Bell FCA (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

Chartered Accountants
Statutory Auditor

17 Sept 2019

Batchworth House
Batchworth Place
Church Street
Rickmansworth
Hertfordshire
WD3 1JE

ACUMEN DISTRIBUTION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

| | Notes | 2018 £ | 2017 £ |
|--|-------|------------------|------------------|
| Turnover | 3 | 13,655,468 | 13,416,020 |
| Cost of sales | | (11,818,455) | (11,569,377) |
| Gross profit | | 1,837,013 | 1,846,643 |
| Administrative expenses | | (1,417,478) | (1,482,495) |
| Other operating income | | - | 250 |
| Operating profit | 4 | 419,535 | 364,398 |
| Interest receivable and similar income | 7 | 154 | 8 |
| Interest payable and similar expenses | 8 | (209,356) | (218,284) |
| Amounts written off investments | 9 | 80 | 1,750 |
| Profit before taxation | | 210,413 | 147,872 |
| Tax on profit | 10 | 23,837 | (53,232) |
| Profit for the financial year | | 234,250 | 94,640 |

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

ACUMEN DISTRIBUTION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

| | 2018 | 2017 |
|--|----------------|---------------|
| | £ | £ |
| Profit for the year | 234,250 | 94,640 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | <u>234,250</u> | <u>94,640</u> |

ACUMEN DISTRIBUTION LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

| | Notes | 2018 | | 2017 | |
|--|-------|-------------------------|------------------|-------------------------|---|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 12 | 3,452,716 | | 4,737,560 | |
| Investments | 13 | 20,072 | | 19,993 | |
| | | <u>3,472,788</u> | | <u>4,757,553</u> | |
| Current assets | | | | | |
| Debtors | 15 | 6,389,814 | 5,914,549 | | |
| Cash at bank and in hand | | 325,995 | 165,175 | | |
| | | <u>6,715,809</u> | <u>6,079,724</u> | | |
| Creditors: amounts falling due within one year | 16 | (5,056,848) | (4,377,500) | | |
| Net current assets | | <u>1,658,961</u> | | <u>1,702,224</u> | |
| Total assets less current liabilities | | <u>5,131,749</u> | | <u>6,459,777</u> | |
| Creditors: amounts falling due after more than one year | 17 | (760,661) | (2,159,986) | | |
| Provisions for liabilities | 19 | - | (62,957) | | |
| Net assets | | <u><u>4,371,088</u></u> | | <u><u>4,236,834</u></u> | |
| Capital and reserves | | | | | |
| Called up share capital | 22 | 100 | 100 | | |
| Profit and loss reserves | | <u>4,370,988</u> | <u>4,236,734</u> | | |
| Total equity | | <u><u>4,371,088</u></u> | | <u><u>4,236,834</u></u> | |

The financial statements were approved by the board of directors and authorised for issue on 17 Sept 2019 and are signed on its behalf by:

J Hodges
Director

Company Registration No. 01612058

ACUMEN DISTRIBUTION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

| | Notes | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-------|-----------------------|-------------------------------------|------------|
| Balance at 1 January 2017 | | 100 | 4,242,090 | 4,242,190 |
| Year ended 31 December 2017: | | | | |
| Profit and total comprehensive income for the year | | - | 94,640 | 94,640 |
| Dividends | 11 | - | (99,996) | (99,996) |
| Balance at 31 December 2017 | | 100 | 4,236,734 | 4,236,834 |
| Year ended 31 December 2018: | | | | |
| Profit and total comprehensive income for the year | | - | 234,250 | 234,250 |
| Dividends | 11 | - | (99,996) | (99,996) |
| Balance at 31 December 2018 | | 100 | 4,370,988 | 4,371,088 |

ACUMEN DISTRIBUTION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

| | Notes | 2018 £ | £ | 2017 £ | £ |
|---|-------|--------------------|---|--------------------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 27 | 2,079,689 | | 1,535,393 | |
| Interest paid | | (209,366) | | (218,284) | |
| Income taxes paid | | (272,532) | | (275,084) | |
| Net cash inflow from operating activities | | 1,597,801 | | 1,042,025 | |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (218,527) | | (311,970) | |
| Proceeds on disposal of tangible fixed assets | | 217,242 | | 249,500 | |
| Interest received | | 154 | | 8 | |
| Net cash used in investing activities | | (1,131) | | (62,462) | |
| Financing activities | | | | | |
| Payment of finance leases obligations | | (1,335,854) | | (1,457,012) | |
| Dividends paid | | (99,996) | | (99,996) | |
| Net cash used in financing activities | | (1,435,850) | | (1,557,008) | |
| Net increase/(decrease) in cash and cash equivalents | | 160,820 | | (577,445) | |
| Cash and cash equivalents at beginning of year | | 165,175 | | 742,620 | |
| Cash and cash equivalents at end of year | | 325,995 | | 165,175 | |

ACUMEN DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Acumen Distribution Limited is a private company limited by shares incorporated in England and Wales. The registered office is Winter Hill House, Marlow Reach, Station Approach, Marlow, Buckinghamshire, SL7 1NT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents invoiced sales of logistical services, excluding value added tax.

Sales are recognised in the accounting period in which the service is rendered, by reference to completion of the specific transaction.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

| | |
|--------------------------------|------------------------------|
| Leasehold land and buildings | Over the period of the lease |
| Plant and machinery | 2 - 10 years on cost |
| Equipment, fixtures & fittings | 2 - 5 years on cost |

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 credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

ACUMEN DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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 profit or loss.

1.6 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.7 Financial instruments

The company applies the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ACUMEN DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, finance leases and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

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

ACUMEN DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. 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 profit and loss account, 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 company 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.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

| | | |
|------|---|-------------|
| 1 | Accounting policies | (Continued) |
| 1.13 | Foreign exchange | |
| | Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period. | |
| 2 | Judgements and key sources of estimation uncertainty | |

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no material indicators of impairments identified during the current financial year other than in respect of bad and doubtful trade debtor balances recognised in the financial statements.

Deferred taxation

Deferred tax assets are recognised for all timing differences to the extent that it is probable they will be recoverable against the reversal of a deferred tax asset at the rate of taxation expected at that date. At the reporting end date there were no indications the deferred tax asset were not recoverable.

ACUMEN DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Estimating value in use

Where an indication of impairment exists the directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and a suitable discount rate in order to calculate present value.

Recoverability of receivables

The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the ageing of receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

Determining residual values and useful economic life of tangible fixed assets (property, plant and equipment)

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programs.

Judgment is applied by management when determining the residual values for tangible fixed assets. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

| | 2018 £ | 2017 £ |
|---|-------------------|-------------------|
| Turnover analysed by class of business | | |
| Transportation services | 13,329,078 | 11,994,864 |
| Warehousing services | 326,390 | 1,421,156 |
| | <u>13,655,468</u> | <u>13,416,020</u> |
| | | |
| | 2018 £ | 2017 £ |
| Other significant revenue | | |
| Interest income | 154 | 8 |
| | <u>154</u> | <u>8</u> |

ACUMEN DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue (Continued)

| | 2018 £ | 2017 £ |
|--|-------------------|-------------------|
| Turnover analysed by geographical market | | |
| UK | 12,696,267 | 12,074,418 |
| Europe | 959,201 | 1,341,602 |
| | <u>13,655,468</u> | <u>13,416,020</u> |

4 Operating profit

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Operating profit for the year is stated after charging/(crediting): | | |
| Fees payable to the company's auditor for the audit of the company's financial statements | 34,800 | 32,700 |
| Depreciation of owned tangible fixed assets | 235,798 | 384,107 |
| Depreciation of tangible fixed assets held under finance leases | 1,192,634 | 1,257,507 |
| Profit on disposal of tangible fixed assets | (11,926) | (52,945) |
| Operating lease charges | <u>663,830</u> | <u>756,883</u> |

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2018 Number | 2017 Number |
|-----------------------|----------------|----------------|
| Office and management | 22 | 20 |
| Operational | 66 | 97 |
| | <u>88</u> | <u>117</u> |

Their aggregate remuneration comprised:

| | 2018 £ | 2017 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 2,915,950 | 3,069,484 |
| Social security costs | 306,200 | 327,868 |
| Pension costs | 72,314 | 46,158 |
| | <u>3,294,464</u> | <u>3,443,510</u> |

ACUMEN DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Directors' remuneration

| | 2018 £ | 2017 £ |
|---|-----------|---------------|
| Remuneration for qualifying services | - | 66,757 |
| Company pension contributions to defined contribution schemes | - | 4,512 |
| | <u>-</u> | <u>71,269</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2017 - 1).

During the prior year remuneration for directors and related expenditure ceased in Acumen Distribution Limited as they were transferred to and are now incurred by the parent company.

7 Interest receivable and similar income

| | 2018 £ | 2017 £ |
|---------------------------|------------|-----------|
| Interest income | | |
| Interest on bank deposits | 154 | 8 |
| | <u>154</u> | <u>8</u> |

Investment income includes the following:

| | | |
|--|------------|----------|
| Interest on financial assets not measured at fair value through profit or loss | 154 | 8 |
| | <u>154</u> | <u>8</u> |

8 Interest payable and similar expenses

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Interest on financial liabilities measured at amortised cost: | | |
| Interest on bank overdrafts and loans | 32,052 | 26,607 |
| Interest on finance leases and hire purchase contracts | 176,557 | 190,374 |
| | <u>208,609</u> | <u>216,981</u> |
| Other finance costs: | | |
| Other interest | 747 | 1,303 |
| | <u>209,356</u> | <u>218,284</u> |

9 Amounts written off investments
fixed asset investments

| | 2018 £ | 2017 £ |
|------------------------|-----------|--------------|
| Other gains and losses | 80 | 1,750 |
| | <u>80</u> | <u>1,750</u> |

ACUMEN DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Taxation

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Current tax | | |
| UK corporation tax on profits for the current period | 66,372 | 114,073 |
| Tax relating to prior year adjustments recognised in profit or loss | - | 4,588 |
| Total current tax | 66,372 | 118,661 |
| Deferred tax | | |
| Origination and reversal of timing differences | (90,209) | (65,429) |
| Total tax (credit)/charge | (23,837) | 53,232 |

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016 and was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Profit before taxation | 210,413 | 147,872 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%) | 39,978 | 28,465 |
| Tax effect of expenses that are not deductible in determining taxable profit | 4,701 | 4,112 |
| Tax effect of income not taxable in determining taxable profit | - | (12,147) |
| Gains not taxable | - | (337) |
| Adjustments in respect of prior years | - | 4,588 |
| Effect of change in corporation tax rate | 7,408 | - |
| Group relief | (80,362) | - |
| Permanent capital allowances in excess of depreciation | - | 93,980 |
| Depreciation on assets not qualifying for tax allowances | 4,438 | - |
| Deferred tax charge | - | (65,429) |
| Taxation (credit)/charge for the year | (23,837) | 53,232 |

ACUMEN DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Dividends

| | 2018 £ | 2017 £ |
|--------------|-----------|-----------|
| Interim paid | 99,996 | 99,996 |

12 Tangible fixed assets

| | Leasehold land and buildings £ | Plant and machinery £ | Equipment, fixtures & fittings £ | Total £ |
|------------------------------------|---|-----------------------------|---|------------|
| Cost | | | | |
| At 1 January 2018 | 235,865 | 9,845,339 | 286,536 | 10,367,740 |
| Additions | - | 298,461 | 50,443 | 348,904 |
| Disposals | - | (568,844) | - | (568,844) |
| At 31 December 2018 | 235,865 | 9,574,956 | 336,979 | 10,147,800 |
| Depreciation and impairment | | | | |
| At 1 January 2018 | 222,562 | 5,143,988 | 263,630 | 5,630,180 |
| Depreciation charged in the year | 5,205 | 1,405,354 | 17,873 | 1,428,432 |
| Eliminated in respect of disposals | - | (363,528) | - | (363,528) |
| At 31 December 2018 | 227,767 | 6,185,814 | 281,503 | 6,695,084 |
| Carrying amount | | | | |
| At 31 December 2018 | 8,098 | 3,389,142 | 55,476 | 3,452,716 |
| At 31 December 2017 | 13,303 | 4,701,351 | 22,906 | 4,737,560 |

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

| | 2018 £ | 2017 £ |
|---------------------|-----------|-----------|
| Plant and machinery | 3,162,485 | 4,292,461 |

13 Fixed asset investments

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Listed investments | 20,072 | 19,993 |
| Listed investments included above: | | |
| Listed investments carrying amount | 20,072 | 19,993 |

ACUMEN DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Fixed asset investments

(Continued)

The company has not designated any financial assets that are not classified as financial assets at fair value through profit or loss.

Fixed asset investments revalued

The fair values of financial assets with standard terms and conditions are traded on active liquid markets are determined with reference to quoted market prices.

Movements in fixed asset investments

| | Investments other than loans £ |
|--------------------------|---|
| Cost or valuation | |
| At 1 January 2018 | 19,993 |
| Valuation changes | 79 |
| | <hr/> |
| At 31 December 2018 | 20,072 |
| | <hr/> |
| Carrying amount | |
| At 31 December 2018 | 20,072 |
| | <hr/> |
| At 31 December 2017 | 19,993 |
| | <hr/> |

14 Financial instruments

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Carrying amount of financial assets | | |
| Debt instruments measured at amortised cost | 5,666,987 | 5,084,010 |
| Instruments measured at fair value through profit or loss | 20,072 | 19,993 |
| | <hr/> | <hr/> |
| Carrying amount of financial liabilities | | |
| Measured at amortised cost | 5,642,804 | 6,075,461 |
| | <hr/> | <hr/> |

15 Debtors

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 3,049,026 | 2,654,549 |
| Corporation tax recoverable | 250,000 | 250,000 |
| Amounts owed by group undertakings | 138,304 | - |
| Other debtors | 1,000,300 | 1,000,400 |
| Prepayments and accrued income | 445,575 | 580,539 |
| | <hr/> | <hr/> |
| | 4,883,205 | 4,485,488 |
| | <hr/> | <hr/> |

ACUMEN DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Debtors (Continued)

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Amounts falling due after more than one year: | | |
| Amounts owed by group undertakings | 1,479,357 | 1,429,061 |
| Deferred tax asset (note 20) | 27,252 | - |
| | <u>1,506,609</u> | <u>1,429,061</u> |
| Total debtors | <u>6,389,814</u> | <u>5,914,549</u> |

Trade debtors disclosed above are receivable within one year and so are recorded at transaction price.

16 Creditors: amounts falling due within one year

| | Notes | 2018 £ | 2017 £ |
|------------------------------------|-------|------------------|------------------|
| Obligations under finance leases | 18 | 1,474,169 | 1,280,321 |
| Trade creditors | | 1,063,881 | 1,039,828 |
| Amounts owed to group undertakings | | 10,546 | 92,046 |
| Corporation tax | | 47,111 | 253,271 |
| Other taxation and social security | | 127,594 | 208,754 |
| Other creditors | | 2,230,927 | 1,438,098 |
| Accruals and deferred income | | 102,620 | 65,182 |
| | | <u>5,056,848</u> | <u>4,377,500</u> |

17 Creditors: amounts falling due after more than one year

| | Notes | 2018 £ | 2017 £ |
|----------------------------------|-------|----------------|------------------|
| Obligations under finance leases | 18 | <u>760,661</u> | <u>2,159,986</u> |

The company has access to group financing facilities with Barclays Bank Plc of up to £5,400,000. At the reporting date the company had drawn down £2,042,618 (2017 - £1,265,445) under the facility. This liability is included in other creditors.

Bank facilities are secured by way of a debenture and an unlimited guarantee from Acumen Automotive Logistics Limited and Acumen Logistics Group Limited.

ACUMEN DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

18 Finance lease obligations

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Future minimum lease payments due under finance leases: | | |
| Within one year | 1,474,169 | 1,280,321 |
| In two to five years | 760,661 | 2,159,986 |
| | <u>2,234,830</u> | <u>3,440,307</u> |

It is the company's policy to lease certain equipment under finance leases. The average lease term is 5 years. The average effective borrowing rate for the year was 6.18%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Provisions for liabilities

| | Notes | 2018 £ | 2017 £ |
|--------------------------|-------|-----------|---------------|
| Deferred tax liabilities | 20 | - | 62,957 |
| | | <u>-</u> | <u>62,957</u> |

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | Liabilities 2018 £ | Liabilities 2017 £ | Assets 2018 £ | Assets 2017 £ |
|------------------|--------------------------|--------------------------|---------------------|---------------------|
| Balances: | | | | |
| ACAs | - | 62,957 | (10,995) | - |
| Provisions | - | - | 38,247 | - |
| | <u>-</u> | <u>62,957</u> | <u>27,252</u> | <u>-</u> |

Movements in the year:

| | 2018 £ |
|---------------------------------------|-----------------|
| Liability at 1 January 2018 | 62,957 |
| Credit to profit or loss | (90,209) |
| | <u>(27,252)</u> |
| Liability/(Asset) at 31 December 2018 | <u>(27,252)</u> |

The deferred tax asset set out above is expected to reverse over time and relates to the utilisation of tax losses against future expected profits of the same period.

ACUMEN DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21 Retirement benefit schemes

| | 2018 | 2017 |
|---|--------|--------|
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 72,314 | 46,158 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

22 Share capital

| | 2018 | 2017 |
|--|------|------|
| | £ | £ |
| Ordinary share capital | | |
| Issued and fully paid | | |
| 100 (2017: 100) Ordinary shares of £1 each | 100 | 100 |

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2018 | 2017 |
|----------------------------|----------------|------------------|
| | £ | £ |
| Within one year | 460,410 | 557,999 |
| Between two and five years | 191,325 | 614,319 |
| | <u>651,735</u> | <u>1,172,318</u> |

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

| | 2018 | 2017 |
|------------------------|------|---------|
| | £ | £ |
| Aggregate compensation | - | 139,916 |

The company paid rent of £22,950 (2017 - £22,950) to Acumen Partners LLP and the Trustees of C Doughty Private Pension in respect of a property owned by those two entities. J Hodges is a partner in Acumen Partners LLP. C Doughty is a director of the company and a trustee of the pension fund.

The company is a wholly-owned member of Acumen Logistics Group Limited and as such has taken advantage of the exemption permitted by Section 33 Related Party Disclosures, not to provide disclosures of transactions entered into with other wholly-owned members of the group.

ACUMEN DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

25 Directors' transactions

The company paid a licence fee of £6,960 (2017 - £6,960) to J Hodges, a director, in respect of office accommodation.

Interest free loans have been granted by the company to its directors as follows:

| Description | % Rate | Opening balance £ | Closing balance £ |
|-----------------|-----------|-------------------------|----------------------|
| Director's loan | - | 1,000,000 | 1,000,000 |
| | | <u>1,000,000</u> | <u>1,000,000</u> |

The loan disclosed above is payable on demand.

26 Ultimate controlling party

During the current and previous years, the ultimate and immediate parent company of Acumen Distribution Limited was Acumen Logistics Group Limited, a company registered in England and Wales.

Acumen Logistics Group Limited is the parent of the smallest and largest group for which consolidated accounts are prepared and of which the company is a member. Accounts for Acumen Logistics Group Limited are available to view on the public record at the Registrar of Companies website.

The registered office for Acumen Logistics Group Limited is Winter Hill House, Marlow Reach, Station Approach, Marlow, Buckinghamshire, SL7 1NT.

The ultimate controlling party is J Hodges by virtue of the fact that he holds 100% of the issued share capital of Acumen Logistics Group Limited.

ACUMEN DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

27 Cash generated from operations

| | 2018 £ | 2017 £ |
|--|------------------|------------------|
| Profit for the year after tax | 234,250 | 94,640 |
| Adjustments for: | | |
| Taxation (credited)/charged | (23,837) | 53,232 |
| Finance costs | 209,356 | 218,284 |
| Investment income | (154) | (8) |
| Gain on disposal of tangible fixed assets | (11,926) | (52,945) |
| Depreciation and impairment of tangible fixed assets | 1,428,433 | 1,641,614 |
| Amounts written off investments | (80) | (1,750) |
| Movements in working capital: | | |
| (Increase) in debtors | (448,013) | (51,607) |
| Increase/(decrease) in creditors | 691,660 | (366,067) |
| Cash generated from operations | 2,079,689 | 1,535,393 |