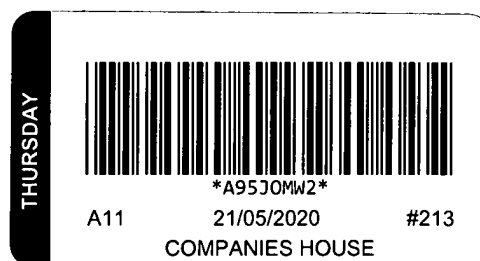


Registered number: 02484251

Abbey Logistics Group Limited

Annual report and financial statements

for the period ended 29 June 2019



Abbey Logistics Group Limited

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Abbey Logistics Group Limited

Strategic report

The directors present their Strategic Report on the company for the period ended 29 June 2019.

Review of the business and future developments

Abbey Logistics Group is principally engaged in the provision of logistics services in the UK and Northern Europe.

Turnover from continuing activities of £62.7m increased by 1.6% on the prior year (£61.7m) and with an increased gross margin of 20.7% (2018: 20.6%).

The business generated a higher Operating Loss before exceptional costs for the period, which reflects a period of significant transition for the group. The directors note that underlying performance in the second half of the financial period was considerably stronger than that experienced in the first half of the financial period, which has put the group in a much stronger operating position heading into the financial period to June 2020.

During the period, the group made significant management changes in order to bring additional logistics experience into the group to support its growth strategy. Julian Maturi joined as Chairman, bringing considerable experience of running a logistics business under private equity ownership. Matthew Male joined as Finance Director and David Patten joined as Head of the Liquids division, both of whom were recruited for their relevant logistics experience.

Following the changes in the senior management team and a review of underlying trading performance, it became clear that there were some inconsistencies in financial reporting. A detailed internal review concluded that certain additional trading costs should have been recognised in respect of the prior year, which has required a restatement of prior year trading results consistent with the primary statements and notes to these accounts. Improvements have been made to financial reporting and management information subsequently.

With the new management structure and enhanced financial reporting and management information regime in place, the management team undertook an in-depth review of the business and people, which has resulted in a number of changes to ensure that the group is structured to achieve its target operating margin whilst providing a first-class service offering to customers with an appropriate cost base. Some existing customer contracts have been reviewed and unprofitable work has been exited in the financial period to June 2020.

The group was pleased to welcome a number of new customers during the period, including Hovis and Tarmac, which have helped to strengthen and diversify the group's business model as it expands into new sectors. Had these new customers been in place for the duration of the financial period, the group's turnover would have increased by over 6% on the prior year.

In December 2019, the group refinanced part of its external debt structure through entering into an amendment and restatement agreement with its principal bankers, HSBC plc, which resulted in the conversion of the Revolving Credit Facility into an additional term loan and an extension of the maturity date of the facilities through to March 2022. This refinance provides the group with additional liquidity to support its medium-term growth aspirations.

The group continues to monitor the national political environment and in particular the planned trade agreements following the UK's exit from the European Union in January 2020. Multiple scenarios have been modelled and plans are in place to adjust business strategies accordingly. The group has already begun pre-emptive action to mitigate any adverse impacts and consider potential advantages each scenario may offer and the directors are confident that the domestic UK market offers sufficient opportunities to grow the business regardless. The group feels its adopted business model affords the flexibility required to deal with each case.

At the time of signing these financial statements, the global economy is in the midst of the evolving COVID-19 pandemic crisis. The directors have provided further commentary in the notes on the situation in respect to the group and believe that with its strong client base, the group is well placed to deal with the issues and challenges that are being faced.

Following the changes in senior management, the renewed focus on improving operating margins and the refinancing of the senior debt facilities which occurred after the period end, the directors believe that the group is well positioned to achieve an improved financial performance in the financial period to June 2020 and beyond.

Abbey Logistics Group Limited

Strategic report

Key performance indicators

In addition to traditional financial performance measures, the company uses the following key performance indicators to monitor performance:

- Revenue per vehicle
- Revenue per mile
- Cost per mile

These are monitored on a regular basis by the Board and the directors are satisfied with the performance in these areas during the period.

Principal risks and uncertainties

The company uses various financial instruments, including loans, finance leases and hire purchase contracts, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risk arising from the company's financial instruments is liquidity risk, credit risk and cash flow interest rate risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous years.

Liquidity Risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by invoice discounting facilities. The maturity of borrowings is set out in the notes to the financial statements.

Credit Risk

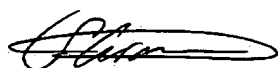
The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Interest Rate Risk

The company finances its operations through a mixture of retained profits, finance leases and hire purchase contracts and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating rate facilities.

Approved by the Board and signed on its behalf by:



S Granite
Director
30 April 2020

Abbey Logistics Group Limited

Directors' report

The directors present their annual report on the affairs of the company, together with the audited financial statements and auditors' report, for the period ended 29 June 2019

Future developments

Details of future developments can be found in the Strategic Report on Page 3.

Going concern

Despite the net liability position of the company and the loss for the period, the directors have prepared these financial statements on a going concern basis. The directors have considered the current economic environment and have prepared trading and cash flow projections until at least 2022 including forecasted covenant compliance. These forecasts demonstrate that the company is able to generate sufficient cash flows to service its ongoing debt and business requirements as they become due.

Following the period end, the COVID-19 virus has spread throughout the world at an extraordinary pace, which has required governments and central banks to take exceptional measures to provide security and stability to their populations and economies. At the time of approving these financial statements, the UK Government had recently announced measures to close schools and leisure facilities, as well as providing guidance for people considered to be more at risk from infection to 'self-isolate' for a significant period of time as well as for the general population to conduct 'social distancing'. In addition, the UK Government very recently announced unprecedented financial support through a number of new schemes including: the deferment of VAT payments due in the next three months to June 2020; a £33 billion loan guarantee scheme available to enterprises; and grant funding to companies to pay 80% of the salaries of furloughed staff.

At the time of approving these financial statements, the directors noted that underlying trading volumes had not been materially affected by the COVID-19 pandemic. Nevertheless, the directors have continued to monitor the COVID-19 pandemic as it rapidly unfolds to ensure that they are taking the appropriate action required. The directors note that almost 75% of the company's revenues are derived from the transportation of food ingredients in the UK food production supply-chain, and that workers in both the food production and transport sectors have been designated as having 'key worker' status by the UK Government. Furthermore, the UK Government recently announced a temporary relaxation in the maximum number of hours that drivers are permitted to work to assist in capacity being maintained in the logistics part of the supply-chain.

The directors note the above measures intend to assist in the normal functioning of the logistics part of the supply-chain in the short to medium term. However, for the purposes of assessing going concern, the directors have considered the potential risks and related sensitivities in respect of the evolving COVID-19 pandemic in establishing whether the company can operate within its current funding facilities. Sensitivities have been performed around the prospect of a significant loss of volumes for a prolonged period and also the potential for an enforced closure of all operations for a period of time under a 'UK lock down' scenario.

The directors note that under these sensitivities, the company would need to obtain additional funding support, which would likely come from UK Government initiatives, over and above its existing funding facilities in order to operate as a going concern. Whilst the financial support measures announced by the UK Government in recent weeks are substantial and unprecedented, they are at an early stage in their execution and, as such, there is no guarantee that the company could access the required levels of funding support to continue to operate in the event of a significant and prolonged down-turn in operations. On this basis and whilst the COVID-19 pandemic is still developing, the directors have concluded that it is necessary to draw attention to the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Abbey Logistics Group Limited

Directors' report

Going concern (continued)

After careful consideration, the directors have concluded that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the directors continue to adopt the going concern basis in preparing the financial statements. Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, interest rate risk, and liquidity risk. Further details can be found in the Strategic Report on Page 3.

Dividends

No dividends were paid in the period (2018: £nil).

Directors

The directors of the company who were in office during the period and up to the date of signing the financial statements were:

D Coulson
S Granite
R Ellis
M Male (appointed 1 April 2019)
D Patten (appointed 12 September 2019)
T Randle (resigned 22 January 2019)
C Chambers (resigned 16 November 2018)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Political contributions

No political donations were made in 2019 (2018: £nil).

Disabled employees

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

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Abbey Logistics Group Limited

Directors' report

Matters covered in the Strategic report

A discussion of the company's financial performance, financial position, risk management and key performance indicators have been disclosed in the Strategic report.

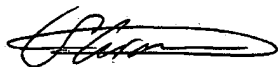
Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP have been deemed re-appointed under section 487 of the 2006 Act.

Approved by the Board and signed on its behalf by:



S Granite

Director

30 April 2020

Abbey Logistics Group Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

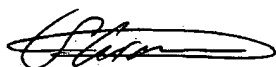
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board and signed on its behalf by:



S Granite

Director

30 April 2020

Abbey Logistics Group Limited

Independent auditors' report to the members of Abbey Logistics Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Abbey Logistics Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 29 June 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 29 June 2019; the statement of comprehensive income, the statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The Directors have considered the potential impact that the COVID-19 pandemic could have on the company. The two sensitivities performed by the Directors included a sustained reduction in revenue over a 6 month period to September 2020 and an expected length of shut down of the business as a result of a complete lock-down. Within these sensitivities there are key assumptions that are inherently uncertain in relation to the financial support measures from the UK government in response to the COVID-19 pandemic. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Abbey Logistics Group Limited

Independent auditors' report to the members of Abbey Logistics Group Limited

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 29 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Jonathan Studholme

Jonathan Studholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
30 April 2020

Abbey Logistics Group Limited

Statement of comprehensive income For the period ended 29 June 2019

		2019	Restated 2018	Restated 2018	Restated 2018
		Total	Continuing activities	Discontinued activities	Total
Turnover	Note 2	62,679,474	61,685,597	1,458,705	63,144,302
Cost of sales		<u>(49,727,459)</u>	<u>(49,008,007)</u>	<u>(1,882,362)</u>	<u>(50,890,369)</u>
Gross profit / (loss)		12,952,015	12,677,590	(423,657)	12,253,933
Administrative expenses		(14,945,801)	(13,456,263)	(1,228,835)	(14,685,098)
Exceptional costs	3	<u>(762,080)</u>	<u>(1,311,459)</u>	-	<u>(1,311,459)</u>
Total administrative expenses		<u>(15,707,881)</u>	<u>(14,767,722)</u>	<u>(1,228,835)</u>	<u>(15,996,557)</u>
Operating loss before exceptional costs		(1,993,786)	(778,673)	(1,652,492)	(2,431,165)
Operating loss after exceptional costs		(2,755,866)	(2,090,132)	(1,652,492)	(3,742,624)
Interest payable and similar expenses	4	<u>(912,078)</u>	<u>(645,169)</u>	<u>(28,988)</u>	<u>(674,157)</u>
Loss before tax	5	(3,667,944)	(2,735,301)	(1,681,480)	(4,416,781)
Tax on loss	9	<u>624,179</u>	<u>915,807</u>	-	<u>915,807</u>
Loss for the financial period		<u><u>(3,043,765)</u></u>	<u><u>(1,819,494)</u></u>	<u><u>(1,681,480)</u></u>	<u><u>(3,500,974)</u></u>

There was no other comprehensive income or expense in the period (2018: £nil).

The notes on pages 14 to 32 form an integral part of these financial statements.

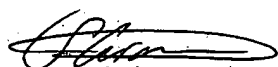
Information on the prior year restatement can be found in note 22.

Abbey Logistics Group Limited

Balance sheet as at 29 June 2019

	Note	2019 £	Restated 2018 £
Non Current assets			
Tangible assets	10	21,868,458	23,595,687
		<u>21,868,458</u>	<u>23,595,687</u>
Current assets			
Stocks	11	360,013	362,830
Debtors – amounts falling due within one year	12	12,056,241	11,989,698
Debtors – amounts falling due in more than one year	12	618,453	-
Cash at bank and in hand		1,320,893	148,386
		<u>14,355,600</u>	<u>12,500,914</u>
Creditors: amounts falling due within one year	13	(30,249,754)	(24,444,188)
Net current liabilities		<u>(15,894,154)</u>	<u>(11,943,274)</u>
Total assets less current liabilities		5,974,304	11,652,413
Creditors: amounts falling due after more than one year	14	(8,913,288)	(11,510,276)
Provisions for liabilities	15	(163,700)	(205,728)
Net liabilities		<u>(3,102,684)</u>	<u>(63,591)</u>
Capital and reserves			
Called-up share capital	16	79,073	79,073
Share premium account		73,227	73,227
Capital redemption reserve		81,527	81,527
Profit and loss account		(3,336,511)	(297,418)
Total Shareholders' deficit		<u>(3,102,684)</u>	<u>(63,591)</u>

The financial statements of Abbey Logistics Group Limited (registered number 02484251) were approved by the board of directors and authorised for issue on 30 April 2020. They were signed on its behalf by:



S Granite
Director

The notes on pages 14 to 32 form an integral part of these financial statements. Information on the prior year restatement can be found in note 22.

Abbey Logistics Group Limited

Statement of changes in equity

For the period ended 29 June 2019

	Called-up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total shareholders' funds £
At 30 June 2017	79,073	73,227	81,527	3,208,229	3,442,056
Loss for the financial year (Restated)				(3,500,975)	(3,500,975)
At 30 June 2018	79,073	73,227	81,527	(292,746)	(58,919)
Loss for the financial period				(3,043,765)	(3,043,765)
At 29 June 2019	79,073	73,227	81,527	(3,336,511)	(3,102,684)

Information on the prior year restatement can be found in note 22.

The notes on pages 14 to 32 form an integral part of these financial statements.

Abbey Logistics Group Limited

Notes to the financial statements

For the period ended 29 June 2019

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and to the preceding year.

a. General information and basis of accounting

Abbey Logistics Group Limited is a private company limited by shares and is incorporated in England and Wales. The address of the registered office is Suite 11, Stone Cross Place, Stone Cross Lane North, Lowton, WA3 2SH. The nature of the Company's operations and its principal activities are set out in the strategic report.

The financial statements have been prepared under the historical cost convention, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the Companies Act 2006.

The functional currency of Abbey Logistics Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Abbey Logistics Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Abbey Logistics Group Limited is consolidated in the financial statements of its ultimate parent, Axle Topco Limited, which may be obtained at Companies House.

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

- The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirement of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

b. Going concern

Despite the net liability position of the company and the loss for the period, the directors have prepared these financial statements on a going concern basis. The directors have considered the current economic environment and have prepared trading and cash flow projections until at least 2022 including forecasted covenant compliance. These forecasts demonstrate that the company is able to generate sufficient cash flows to service its ongoing debt and business requirements as they become due.

Following the period end, the COVID-19 virus has spread throughout the world at an extraordinary pace, which has required governments and central banks to take exceptional measures to provide security and stability to their populations and economies. At the time of approving these financial statements, the UK Government had recently announced measures to close schools and leisure facilities, as well as providing guidance for people considered to be more at risk from infection to 'self-isolate' for a significant period of time as well as for the general population to conduct 'social distancing'. In addition, the UK Government very recently announced unprecedented financial support through a number of new schemes including: the deferment of VAT payments due in the next three months to June 2020; a £33 billion loan guarantee scheme available to enterprises; and grant funding to companies to pay 80% of the salaries of furloughed staff.

Abbey Logistics Group Limited

Notes to the financial statements

For the period ended 29 June 2019

b. Going concern (continued)

At the time of approving these financial statements, the directors noted that underlying trading volumes had not been materially affected by the COVID-19 pandemic. Nevertheless, the directors have continued to monitor the COVID-19 pandemic as it rapidly unfolds to ensure that they are taking the appropriate action required. The directors note that almost 75% of the company's revenues are derived from the transportation of food ingredients in the UK food production supply-chain, and that workers in both the food production and transport sectors have been designated as having 'key worker' status by the UK Government. Furthermore, the UK Government recently announced a temporary relaxation in the maximum number of hours that drivers are permitted to work to assist in capacity being maintained in the logistics part of the supply-chain.

The directors note the above measures intend to assist in the normal functioning of the logistics part of the supply-chain in the short to medium term. However, for the purposes of assessing going concern, the directors have considered the potential risks and related sensitivities in respect of the evolving COVID-19 pandemic in establishing whether the company can operate within its current funding facilities. Sensitivities have been performed around the prospect of a significant loss of volumes for a prolonged period and also the potential for an enforced closure of all operations for a period of time under a 'UK lock down' scenario.

The directors note that under these sensitivities, the company would need to obtain additional funding support, which would likely come from UK Government initiatives, over and above its existing funding facilities in order to operate as a going concern. Whilst the financial support measures announced by the UK Government in recent weeks are substantial and unprecedented, they are at an early stage in their execution and, as such, there is no guarantee that the company could access the required levels of funding support to continue to operate in the event of a significant and prolonged down-turn in operations. On this basis and whilst the COVID-19 pandemic is still developing, the directors have concluded that it is necessary to draw attention to the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

After careful consideration, the directors have concluded that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the directors continue to adopt the going concern basis in preparing the financial statements.

c. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

- Plant and machinery 3-5 years
- Motor vehicles 3-5 years
- Fixtures and fittings 5 years
- Tractors and tanks 7-12 years
- IT equipment 3 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Abbey Logistics Group Limited

Notes to the financial statements

For the period ended 29 June 2019

1. Accounting policies (continued)

c. *Tangible fixed assets (continued)*

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

d. *Financial instruments*

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

e. *Stocks*

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account.

f. *Taxation*

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Abbey Logistics Group Limited

Notes to the financial statements

For the period ended 29 June 2019

1. Accounting policies (continued)

f. Taxation (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

g. Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- The amount of revenue can be reliably measured;
- It is probable that the company will receive the consideration due under the contract
- The stage of completion of the contract at the end of the reporting period can be measured reliably; and
- The costs incurred and the costs to complete the contract can be reliably measured.

h. Employee benefits

Abbey Logistics Group Limited operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Abbey Logistics Group Limited

Notes to the financial statements

For the period ended 29 June 2019

1. Accounting policies (continued)

i. Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period - end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit and loss account within 'other operating income'.

j. Leases

The Company as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

k. Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

l. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

m. Dividends

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Abbey Logistics Group Limited

Notes to the financial statements

For the period ended 29 June 2019

1. Accounting policies (continued)

n. Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the company financial statements.

o. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The items in the financial statements where judgement is required are:

- **Bad debt provision**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtors and historical experience. See note 12 of the net carrying amount of the debtors and associated impairment provision.

- **Useful economic lives of assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect the current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets, See note 10 for the carrying amount of the property plant and equipment, and note 1(c) for the useful economic lives for each class of assets.

- **Deferred tax asset**

A deferred tax asset has been recognised in the current period, recognition has been based on detailed board approved cash flow forecasts and P&L budget models showing future profitability.

Abbey Logistics Group Limited

Notes to the financial statements

For the period ended 29 June 2019

2. Turnover

An analysis of the Company's turnover by class of business is set out below.

	2019	2018
	£	£
Turnover:		
Haulage	60,461,223	61,477,249
Warehousing	2,218,251	1,667,053
	<u>62,679,474</u>	<u>63,144,302</u>

An analysis of the Company's turnover by location of business is set out below.

European countries include Belgium, France, Germany, Holland and Ireland.

	2019	2018
	£	£
Turnover:		
UK	59,522,969	59,964,490
Europe	3,156,505	3,179,812
	<u>62,679,474</u>	<u>63,144,302</u>

3. Exceptional costs

	2019	2018
	£	£
Exceptional costs	762,080	1,311,459
	<u>762,080</u>	<u>1,311,459</u>

Exceptional costs have been incurred in the period relating to a management restructure. Due to their nature and magnitude, these costs have been disclosed separately.

4. Interest payable and similar expenses

	2019	Restated 2018
	£	£
Bank interest payable	190,335	187,256
Finance leases and hire purchase contracts	721,743	486,901
	<u>912,078</u>	<u>674,157</u>

Abbey Logistics Group Limited

Notes to the financial statements For the period ended 29 June 2019

5. Loss before tax

Loss before tax is stated after charging:

	2019 £	2018 £
Depreciation of tangible assets	5,228,526	5,150,815
Operating lease rentals	983,785	1,835,781
Inventory recognised as expense	12,263,244	11,108,028
Loss on disposal of fixed assets	123,014	130,296
Defined contribution pension cost	153,482	167,904

6. Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the company's annual financial statements were £47,000 (2018: £41,000).

Fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

7. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2019 Number	2018 Number
Administration and haulage	608	623

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	20,716,033	20,485,971
Social security costs	2,214,367	2,181,475
Other pension costs	367,154	248,609
	<u>23,297,554</u>	<u>22,916,055</u>

Abbey Logistics Group Limited

Notes to the financial statements For the period ended 29 June 2019

8. Directors' remuneration and transactions

	2019 £	2018 £
<i>Directors' remuneration</i>		
Aggregate remuneration	777,522	852,856
Company contributions to money purchase pension schemes	28,644	21,757
	<u>806,166</u>	<u>874,613</u>
	2019 Number	2018 Number
The number of directors who:		
Are members of a money purchase pension scheme	<u>5</u>	<u>6</u>
	2019 £	2018 £
Remuneration of the highest paid director:		
Aggregate remuneration	<u>179,363</u>	<u>178,213</u>

Abbey Logistics Group Limited

Notes to the financial statements For the period ended 29 June 2019

9. Tax on loss

The tax charge comprises:

	2019 £	Restated 2018 £
Current tax on loss		
UK corporation tax	-	-
Adjustments in respect of previous periods	-	3,409
Total current tax	<u>-</u>	<u>3,409</u>
Deferred tax		
Origination and reversal of timing differences	(665,237)	(890,015)
Adjustments in respect of previous periods	(28,967)	-
Effect of changes in tax rates	70,025	(29,200)
Total deferred tax (see note 9)	<u>(624,179)</u>	<u>(919,215)</u>
Total tax on loss	<u><u>(624,179)</u></u>	<u><u>(915,807)</u></u>

The standard rate of tax applied to reported profit is 19% (2018:19.75 %).

There is no expiry date on timing differences, unused tax losses or tax credits.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before taxation is as follows:

	2019 £	2018 £
Loss before tax	<u><u>(3,667,944)</u></u>	<u><u>(4,416,781)</u></u>
Tax on loss before taxation at standard UK corporation tax rate of 19% (2017: 19.75%)	(696,909)	(839,188)
Effects of:		
- Expenses not deductible for tax purposes	31,672	62,978
- Fixed asset differences	-	(1,496)
- Adjustments in respect of previous periods	(28,967)	3,409
- Adjustments to deferred tax rate	70,025	(9,690)
- Losses created by b/f reserves adjustments	-	(76,015)
- DTL acquired	-	523,448
- Other tax adjustments, reliefs and transfers	-	(579,253)
Total tax credit for the period	<u><u>(624,179)</u></u>	<u><u>(915,807)</u></u>

Abbey Logistics Group Limited

Notes to the financial statements For the period ended 29 June 2019

10. Tangible assets

	Plant and machinery £	Motor vehicles £	Fixtures, fittings & IT equipment £	Tractors and tanks £	Total £
Cost					
At 1 July 2018 (Restated)	1,692,743	141,418	1,401,315	45,949,546	49,185,022
Additions	670,194	25,740	184,302	2,919,886	3,800,122
Disposals	-	-	-	(3,138,016)	(3,138,016)
At 29 June 2019	<u>2,362,937</u>	<u>167,158</u>	<u>1,585,617</u>	<u>45,731,416</u>	<u>49,847,128</u>
Accumulated Depreciation					
At 1 July 2018 (Restated)	892,735	122,788	513,479	24,060,333	25,589,335
Charge for the period	347,506	12,693	338,947	4,529,380	5,228,526
Disposals	-	-	-	(2,839,191)	(2,839,191)
At 29 June 2019	<u>1,240,241</u>	<u>135,481</u>	<u>852,426</u>	<u>25,750,522</u>	<u>27,978,670</u>
Net book value					
At 29 June 2019	<u>1,122,696</u>	<u>31,677</u>	<u>733,191</u>	<u>19,980,894</u>	<u>21,868,458</u>
At 30 June 2018 (Restated)	<u>800,008</u>	<u>18,630</u>	<u>887,836</u>	<u>21,889,213</u>	<u>23,595,687</u>

Depreciation has been charged to administrative expenses in the Statement of Comprehensive income.

11. Stocks

	2019 £	2018 £
Fuel and other consumables	<u>360,013</u>	<u>362,830</u>
	<u>360,013</u>	<u>362,830</u>

There is no significant difference between the replacement cost of fuel and other consumables and their carrying value. Stocks are stated after provision for impairment of £nil (2018: £nil).

Abbey Logistics Group Limited

Notes to the financial statements For the period ended 29 June 2019

12. Debtors – amounts falling due within one year

	2019 £	Restated 2018 £
Trade debtors	9,682,204	9,227,320
Amounts owed by group undertakings	-	975,998
Other debtors	339,293	299,820
Prepayments and accrued income	2,034,745	1,486,560
	<u>12,065,242</u>	<u>11,989,698</u>

Amounts owed by group undertakings are unsecured, do not bear interest, have no fixed date of repayment, and are repayable on demand.

Trade debtors are stated after provision for impairment £357,189 (2018: £241,629)

Debtors – amounts falling due in more than one year

Deferred tax asset

	2019 £	Total £
At 1 July 2018	(5,726)	(5,726)
Adjustment in respect of prior years	28,967	28,967
Credited to profit and loss account	595,212	595,212
	<u>618,453</u>	<u>618,453</u>
At 29 June 2019		

Deferred tax is recognised as follows

	2019 £
Fixed asset timing differences	49,086
Short term timing differences	44,969
Losses and other deductions	524,398
Impact of PY restatement	-
	<u>618,453</u>
Deferred tax asset	

Abbey Logistics Group Limited

Notes to the financial statements

For the period ended 29 June 2019

13. Creditors: amounts falling due within one year

	2019	Restated 2018
	£	£
Bank loans and overdrafts	1,495,000	495,000
Trade creditors	5,276,457	4,242,709
Amounts owed to group undertakings	6,766,040	2,606,280
Corporation tax	-	85,193
Other taxation and social security	2,411,825	1,261,928
Obligations under finance leases and hire purchase contracts	5,020,351	5,375,223
Other loans	7,218,553	6,776,798
Other creditors	1,701	203,619
Accruals and deferred income	2,059,827	3,397,438
	<u>30,249,754</u>	<u>24,444,188</u>

Financing costs directly attributable to the issue of financial liabilities are deducted from the initial amount recognised and amortised over the financial liabilities expected useful life.

Bank loan

The bank loan accrues interest at a variable rate over LIBOR. The loan is repayable by way of quarterly repayments with the entire loan to be repaid by March 2022 and is secured by way of a floating charge over the assets of the wider group.

Amounts owed to group undertakings

Amounts owed to group undertakings are unsecured, do not bear interest, have no fixed date of repayment, and are repayable on demand.

Other loans

Other loans relate to an invoice financing facility which is secured on the trade debtor balance of the company.

14. Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Obligations under finance leases and hire purchase contracts	8,913,288	11,510,276
	<u>8,913,288</u>	<u>11,510,276</u>

Net obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

Abbey Logistics Group Limited

Notes to the financial statements For the period ended 29 June 2019

14. Creditors: amounts falling due after more than one year (continued)

Borrowings are repayable as follows:

	2019 £	2018 £
Finance leases		
Less than one year	5,020,351	5,375,223
Between one and five years	8,001,120	10,355,544
After five years	912,164	1,154,732
	<u>13,933,635</u>	<u>16,885,499</u>

15. Provisions for liabilities

	2019 £	Restated 2018 £
Dilapidations		
At 1 July 2018	200,000	200,000
Credited to profit and loss account	(36,300)	
At 29 June 2019	<u>163,700</u>	<u>200,000</u>
 Deferred tax liability (restated)	 <u>-</u>	 <u>5,726</u>
	163,700	205,726

16. Called up share capital

	2019 £	2018 £
Allotted and fully-paid 79,073 (2017: 79,073) ordinary shares of £1 each	<u>79,073</u>	<u>79,073</u>

The Company's other reserves are as follows:

The share premium account contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss account includes all current and prior year retained profits and losses. The capital redemption reserve includes any amount received when the company buys back its shares.

Abbey Logistics Group Limited

Notes to the financial statements

For the period ended 29 June 2019

17. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
- within one year	1,507,094	676,897
- between one and five years	5,265,795	661,569
- after five years	456,302	-
	<u>7,229,192</u>	<u>1,338,466</u>

The company had no other off-balance sheet arrangements (2018: £nil).

18. Employee benefits

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 29 June 2019 was £153,482 (2018: £167,904).

19. Contingent liabilities

There were no contingent liabilities at 29 June 2019 or 30 June 2018.

20. Related party transactions

Advantage has been taken of the exemption under FRS 102 not to disclose transactions with members of the same group that are wholly owned.

21. Controlling party

The immediate parent company is Axle Bidco Limited and the ultimate parent company is Axle Topco Limited. NorthEdge Capital are the ultimate controlling party by virtue of its majority interest in the issued share capital of Axle Topco Limited.

Axle Topco Limited is the largest and smallest group in which the results of the Company are consolidated.

Abbey Logistics Group Limited

Notes to the financial statements

For the period ended 29 June 2019

22. Restatement of Comparative Information

The following reconciliations are presented to demonstrate the impact of the restatement.

a) Effect of the restatement on the comprehensive income statement for the year ended 30 June 2018

	Reported 2018			Impact of restatement	Restated 2018		
	Continuing activities	Discontinued activities	Total		Continuing activities	Discontinued activities	Total
Turnover	61,685,597	1,458,705	63,144,302		61,685,597	1,458,705	63,144,302
Cost of sales	(48,375,433)	(1,882,362)	(50,257,795)	(632,574)	(49,008,007)	(1,882,362)	(50,890,369)
Gross profit / (loss)	13,310,164	(423,657)	12,886,507	(632,574)	12,677,590	(423,657)	12,243,933
Administrative expenses	(13,280,990)	(1,228,835)	(14,509,825)	(175,273)	(13,456,263)	(1,228,835)	(14,685,098)
Exceptional costs	(1,311,459)	-	(1,311,459)	-	(1,311,459)	-	(1,311,459)
Total administrative expenses	(14,592,449)	(1,228,835)	(15,821,284)	(175,273)	(14,767,722)	(1,228,835)	(15,996,557)
Operating profit/ (loss) before exceptional costs	29,174	(1,652,492)	(1,623,318)	(807,847)	(778,673)	(1,652,492)	(2,431,165)
Operating profit/ (loss) after exceptional costs	(1,282,285)	(1,652,492)	(2,934,777)	(807,847)	(2,090,132)	(1,652,492)	(3,742,624)
Interest payable and similar expenses	(595,193)	(28,988)	(624,181)	(49,977)	(645,170)	(28,988)	(674,157)
Loss before tax	(1,877,478)	(1,681,480)	(3,558,958)	(857,823)	(2,735,301)	(1,681,480)	(4,416,781)
Tax on Loss	721,160	-	721,160	194,647	915,807	-	915,807
Loss for the financial year	<u>(1,156,318)</u>	<u>(1,681,480)</u>	<u>(2,837,798)</u>	<u>(663,176)</u>	<u>(1,819,494)</u>	<u>(1,681,480)</u>	<u>(3,500,974)</u>

In the prior year there were some inconsistencies in financial reporting and following a detailed internal review additional trading costs were identified such as repairs and maintenance, subcontractor, and fuel costs which had not been accrued appropriately. This has required a restatement of prior year trading results.

Abbey Logistics Group Limited

Notes to the financial statements For the period ended 29 June 2019

b) Effect of the restatement on the balance sheet as at 30 June 2018

	Reported 2018 £	Impact of restatement	Restated 2018 £
Fixed assets			
Tangible assets	23,613,528	(17,841)	23,595,687
	<u>23,613,528</u>	<u>(17,841)</u>	<u>23,595,687</u>
Current assets			
Stocks	362,830	-	362,830
Debtors – amounts falling due within one year	12,392,802	(403,104)	11,989,698
Cash at bank and in hand	148,631	(245)	148,386
	<u>12,904,263</u>	<u>(403,349)</u>	<u>12,500,914</u>
Creditors: amounts falling due within one year	<u>(23,607,478)</u>	<u>(836,710)</u>	<u>(24,444,188)</u>
Net current liabilities	<u>(10,703,215)</u>	<u>(1,240,059)</u>	<u>(11,943,274)</u>
Total assets less current liabilities	12,910,313	(1,257,900)	11,652,413
Creditors: amounts falling due after more than one year	(11,510,276)	-	(11,510,276)
Provisions for liabilities	<u>(400,374)</u>	194,646	<u>(205,728)</u>
Net assets/ (liabilities)	<u>999,663</u>	<u>(1,063,254)</u>	<u>(63,591)</u>
Capital and reserves			
Called-up share capital	79,073	-	79,073
Share premium account	73,227	-	73,227
Capital redemption reserve	81,527	-	81,527
Profit and loss account	765,836	(1,063,254)	(297,418)
	<u>999,663</u>	<u>(1,063,254)</u>	<u>(63,591)</u>
Total Shareholders' funds/ (deficit)	<u>999,663</u>	<u>(1,063,254)</u>	<u>(63,591)</u>

Abbey Logistics Group Limited

Notes to the financial statements For the period ended 29 June 2019

c) Effect of the restatement on the Notes

4. Interest payable and similar expenses

	Reported 2018 £	Impact of restatement	Restated 2018 £
Bank interest payable	187,257	-	187,257
Finance leases and hire purchase contracts	436,924	49,977	486,901
	<u>624,181</u>	<u>49,977</u>	<u>674,158</u>

12. Debtors: amounts falling due within one year

	Reported 2018 £	Impact of restatement	Restated 2018 £
Amounts falling due within one year:			
Trade debtors	9,227,320	-	9,227,320
Amounts owed by group undertakings	975,998	-	975,998
Other debtors	526,604	(230,942)	295,662
Called up share capital not paid	4,158	-	4,158
Prepayments and accrued income	1,658,722	(172,162)	1,486,560
	<u>12,392,802</u>	<u>(403,104)</u>	<u>11,989,698</u>

The large majority of this restatement is due to unsupportable insurance claim balances.

13. Creditors: amounts falling due within one year

	Reported 2018 £	Impact of restatement	Restated 2018 £
Bank loans and overdrafts	495,000	-	495,000
Trade creditors	4,242,709	-	4,242,709
Amounts owed to group undertakings	2,594,802	11,478	2,606,280
Corporation tax	85,193	-	85,193
Other taxation and social security	1,260,808	1,120	1,261,928
Obligations under finance leases and hire purchase contracts	5,064,192	311,031	5,375,223
Other loans	6,776,798	-	6,776,798
Other creditors	203,619	-	203,619
Accruals and deferred income	2,884,357	513,081	3,397,438
	<u>23,607,478</u>	<u>836,710</u>	<u>24,444,188</u>

This restatement is due to additional 2018 costs identified post year end which were not accrued appropriately.

Abbey Logistics Group Limited

Notes to the financial statements

For the period ended 29 June 2019

15. Provisions for liabilities

Deferred tax

Deferred tax is provided as follows:

	Reported 2018 £	Impact of restatement	2018 £
Fixed asset timing differences	636,353	-	636,353
Short term timing differences	(29,674)	-	(29,674)
Losses and other deductions	(406,305)	-	(406,305)
Impact of PY restatement	-	(194,644)	(194,644)
Provision for deferred tax	200,374	(194,644)	5,726

Due to the additional loss created, the deferred tax liability provision has decreased.

23. Post balance sheet events

In December 2019, the Group entered into an amendment and restatement agreement with HSBC plc relating to the loan facilities which has resulted in conversion of the Rolling Credit Facility (RCF) of £1,495,000 into additional term loan as disclosed in note 13, and an extension of the facilities from January 2022 to March 2022. In addition, the amortisation profile has been adjusted.

Please see note 1 on pages 14-15 for details of how the Company may be impacted by the outbreak of COVID-19 in the United Kingdom in 2020. COVID-19 is regarded as a non-adjusting event for the period ended 29 June 2019 and the directors do not anticipate any impairment charge in the financial year 2020 in respect of COVID-19.