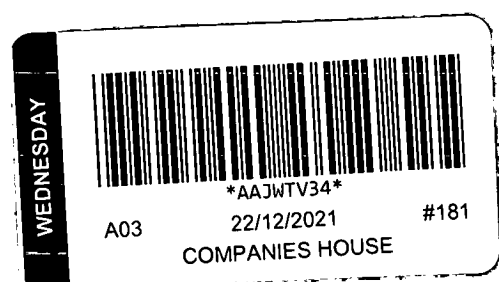


Registered number: 03215962

KELLY FLEET SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 3 JANUARY 2021



KELLY FLEET SERVICES LIMITED

COMPANY INFORMATION

Directors	T J Kelly L McGrane T P Kelly R Westropp-Bennett (appointed 28 July 2021)
Company secretary	J P Bradley
Registered number	03215962
Registered office	Kelly House Fourth Way Wembley Middlesex HA9 0LH
Independent auditors	MHA MacIntyre Hudson Chartered Accountants and Statutory Auditors 6th Floor 2 London Wall Place London EC2Y 5AU

KELLY FLEET SERVICES LIMITED

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KELLY FLEET SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 3 JANUARY 2021

Introduction

The directors present the strategic report and financial statements for the year ended 3 January 2021.

Business review

The company has reported turnover of £27.2m (2019: 26.4m) and a post tax profit of £378,694 for the year (2019: £329,474). The company has total shareholders' funds of £2,061,682 as at the reporting date (2019: £1,682,988).

- In the year, turnover at £27.2m was £0.8m higher than the previous period.
- The strategy of business going forward is to continue to improve our services to the Kelly Group and provide strong support to enable growth and also explore other opportunities outside the group.

Future developments

Our primary target has been to support the group on its vehicle and plant requirements and we will continue to provide an excellent service to the group. We intend to replace some of our oldest fleet next year. In parallel, we continue to develop our external hire business.

Principal risks and uncertainties

We see limited risk with our core business with perhaps the exception of the high level of business the company enjoys with the group. We seek to limit this risk by seeking external hire opportunities in other areas.

Impact of COVID-19 on the business

In 2020, the COVID-19 pandemic brought fast-moving and unexpected variables to deal with, many of which were successfully managed with developed incident management plans specific to the crisis, but we also deployed a technological roll-out of remote working for many of our office based workers.

Five workforce areas emerged as priorities for the business:

Protecting People, Effective Communication, Maintaining the Continuity of Work, Assessing all Costs and Preparing for Recovery.

Financial key performance indicators

The directors of Kelly Communications Group Ltd, the ultimate parent company, manage the group's operations on a divisional basis.

The board uses Key Performance Indicators ('KPI's) to monitor the company's performance and regularly reviews the key risks to the business. In addition to regular board reporting and timely management accounts, the company monitors a range of activities including health and safety, risk management, statutory compliance, profitability, customer satisfaction, and other financial and non-financial measures.

- Risk management is a key KPI and is reviewed and monitored on a daily basis to minimise costs to the business.

KELLY FLEET SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 3 JANUARY 2021**

Results and dividends

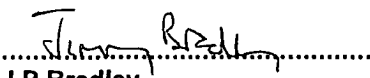
The profit for the year, after taxation, amounted to £378,694 (2019: £329,474).

There were no dividends paid during the year (2019: £1,000,000).

Research and development

The company continues to look for opportunities to purchase up to date plant and to maximise the efficiency of the use of its fleet by the continuing use and development of its transport management system.

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


.....
J P Bradley
Secretary

Date: 17 September 2021

KELLY FLEET SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 3 JANUARY 2021

The directors present their report and the financial statements for the year ended 3 January 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Principal activity

The principal activity of the company continues to be vehicle hire, plant hire and maintenance. Predominantly providing its services to Kelly Communications Group Limited and its subsidiaries.

Directors' indemnity insurance

Directors' liability and indemnity insurance was in force throughout the period to cover the directors and officers of the company against actions brought against them in their personal capacity. Neither the insurance nor the indemnity provide cover where the individual has acted fraudulently or dishonestly.

Results and dividends

The profit for the year, after taxation, amounted to £378,694 (2019: £329,474).

There were no dividends paid in the current year (2019: £1,000,000).

Directors

The directors who served during the year were:

T J Kelly
L McGrane
T P Kelly (appointed 30 January 2020)

KELLY FLEET SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 3 JANUARY 2021**

Disclosure of information to auditors

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

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

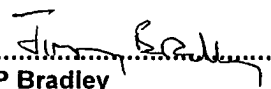
Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

.....
J P Bradley
Secretary

Date: 17 September 2021

KELLY FLEET SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLY FLEET SERVICES LIMITED

Opinion

We have audited the financial statements of Kelly Fleet Services Limited (the 'company') for the year ended 3 January 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 3 January 2021 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

KELLY FLEET SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLY FLEET SERVICES LIMITED
(CONTINUED)**

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 Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In opinion, based on the work undertaken in the course of the 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.

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 or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for 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 audit.

KELLY FLEET SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLY FLEET SERVICES LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

KELLY FLEET SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLY FLEET SERVICES LIMITED
(CONTINUED)**

Use of our report

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



Tasnem Bharmal FCCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson, Statutory Auditor

London, United Kingdom

Date: 23/09/2021

KELLY FLEET SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 3 JANUARY 2021**

		30 December 2019 to 3 January 2021 £	31 December 2018 to 29 December 2019 £
	Note		
Turnover	4	27,208,787	26,416,758
Cost of sales		(23,443,903)	(22,336,578)
Gross profit		3,764,884	4,080,180
Administrative expenses		(3,259,569)	(3,561,738)
Other operating income	5	114,468	-
Operating profit	6	619,783	518,442
Interest payable and expenses	9	(143,917)	(82,301)
Profit before tax		475,866	436,141
Tax on profit	10	(97,172)	(106,667)
Profit for the financial year		378,694	329,474

There was no other comprehensive income for the year (2019: £nil).

The notes on pages 12 to 29 form part of these financial statements.

KELLY FLEET SERVICES LIMITED
REGISTERED NUMBER: 03215962

BALANCE SHEET
AS AT 3 JANUARY 2021

		3 January 2021 £	29 December 2019 £
	Note		
Fixed assets			
Tangible assets	12	18,058,096	12,762,666
		<u>18,058,096</u>	<u>12,762,666</u>
Current assets			
Stocks	13	530,211	513,181
Debtors	14	38,757,288	20,588,437
		<u>39,287,499</u>	<u>21,101,618</u>
Creditors: amounts falling due within one year	15	(52,733,296)	(30,808,967)
Net current liabilities		<u>(13,445,797)</u>	<u>(9,707,349)</u>
Total assets less current liabilities		<u>4,612,299</u>	<u>3,055,317</u>
Creditors: amounts falling due after more than one year	16	(2,522,903)	(1,372,329)
Provisions for liabilities			
Deferred tax	18	(27,714)	-
		<u>(27,714)</u>	<u>-</u>
Net assets		<u>2,061,682</u>	<u>1,682,988</u>
Capital and reserves			
Called up share capital	19	10,000	10,000
Profit and loss account	20	2,051,682	1,672,988
		<u>2,061,682</u>	<u>1,682,988</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
T J Kelly
 Director

Date: 17 September 2021

The notes on pages 12 to 29 form part of these financial statements.

KELLY FLEET SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 3 JANUARY 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 31 December 2018	10,000	2,343,514	2,353,514
Profit for the year	-	329,474	329,474
Dividends: Equity capital	-	(1,000,000)	(1,000,000)
At 30 December 2020	10,000	1,672,988	1,682,988
Profit for the year	-	378,694	378,694
At 3 January 2021	10,000	2,051,682	2,061,682

KELLY FLEET SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 JANUARY 2021

1. General information

Kelly Fleet Services Limited is a private company, limited by shares, incorporated in England and Wales. The company registration number is 03215962 and the registered office is Kelly House, Fourth Way, Wembley, Middlesex, HA9 0LH.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The financial statements are prepared in pounds sterling, the functional currency, rounded to the nearest £1.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 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.

This information is included in the consolidated financial statements of the parent company Kelly Communications Group Limited as at 3 January 2021 and these financial statements may be obtained from the registered office of the holding company.

KELLY FLEET SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 JANUARY 2021

2. Accounting policies (continued)

2.3 Going concern

At 3 January 2021, the company's net current liabilities exceeded its current assets by £13,445,797 (29 December 2019: £9,707,349).

The financial statements have been prepared on a going concern basis. The period considered in detail by the directors is up to 12 months following the date of the authorisation of the financial statements. The directors consider that the basis is appropriate for the following reason:-

The parent company, Kelly Communications Group Limited, has confirmed its willingness and ability to provide support to the company for a period of at least 12 months from the date of approval of the financial statements.

2.4 Revenue

Revenue 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 measured reliably;
- 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 measured reliably.

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 JANUARY 2021**

2. Accounting policies (continued)**2.6 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Pensions**Defined contribution pension plan**

The company operates a defined contribution pension scheme 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

KELLY FLEET SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 JANUARY 2021

2. Accounting policies (continued)

2.10 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant and machinery	-	25% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

KELLY FLEET SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 JANUARY 2021

2. Accounting policies (continued)

2.12 Tracking equipment

Tracking equipment hardware with licence agreements which expire within the following 12 months are included as short term assets in other debtors. Any hardware costs whose licence has more than 12 months to run at the balance sheet date are included in debtors falling due after more than one year.

Tracking equipment licences are written off to cost of sales in the year in which all the benefits of the licences have expired within the year.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

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 profit or loss.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

KELLY FLEET SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 JANUARY 2021

2. Accounting policies (continued)

2.17 Financial instruments

The company only enters into basic financial instrument 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, loans to related parties and investments in ordinary shares.

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 debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Statement of Comprehensive Income.

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 of the recoverable amount, 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.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

KELLY FLEET SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 JANUARY 2021

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described above, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Fixed Assets

Judgments have been made in relation to the lives of tangible assets in particular the useful economic life and the residual values of the motor vehicles. The directors have concluded that the asset lives and residual values are appropriate.

Valuation of Stock

Stock is included at the lower of cost and net realisable value. The directors have reviewed the stock obsolescence policy and are satisfied that stock is fairly valued at the year end.

Recoverability of debtors

Judgments have been made by the directors in respect of recoverability of debtors. The directors have concluded that the amounts included in debtors are appropriate.

4. Turnover

	30 December 2019 to 3 January 2021 £	31 December 2018 to 29 December 2019 £
United Kingdom	27,208,787	26,416,758
	<u>27,208,787</u>	<u>26,416,758</u>

All turnover arose within the United Kingdom.

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 JANUARY 2021**

5. Other operating income

	30 December 2019 to 3 January 2021 £	31 December 2018 to 29 December 2019 £
Government grants receivable	114,468	-
	114,468	-

Kelly Fleet Services Limited received £114,468 (2019: £nil) in respect of the Government's Job Retention Scheme.

6. Operating profit

The operating profit is stated after charging:

	30 December 2019 to 3 January 2021 £	31 December 2018 to 29 December 2019 £
Depreciation of tangible fixed assets	4,201,689	3,239,945
(Profit)/loss on sale of tangible assets	225,300	24,001
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	7,500	7,000
Defined contribution pension cost	47,228	42,470

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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7. Auditors' remuneration

	30 December 2019 to 3 January 2021 £	31 December 2018 to 29 December 2019 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>7,500</u>	<u>7,000</u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 JANUARY 2021**

8. Employees

Staff costs were as follows:

	30 December 2019 to 3 January 2021 £	31 December 2018 to 29 December 2019 £
Wages and salaries	2,239,350	2,179,786
Social security costs	232,390	226,481
Cost of defined contribution scheme	48,968	42,470
	<u>2,520,708</u>	<u>2,448,737</u>

During the year, the directors received remuneration of £nil (2019: £nil) and were accruing no benefits under the defined contribution pension plan.

The average monthly number of employees, including the directors, during the year was as follows:

	30 December 2019 to 3 January 2021 No.	31 December 2018 to 29 December 2019 No.
Administrative staff	32	37
Direct staff	41	36
	<u>73</u>	<u>73</u>

9. Interest payable and similar expenses

	30 December 2019 to 3 January 2021 £	31 December 2018 to 29 December 2019 £
Finance leases and hire purchase contracts	143,917	82,301
	<u>143,917</u>	<u>82,301</u>

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 JANUARY 2021**

10. Taxation

	30 December 2019 to 3 January 2021 £	31 December 2018 to 29 December 2019 £
Corporation tax		
Current tax on profits for the year	68,176	-
Adjustments in respect of previous periods	(204)	-
	67,972	-
Total current tax	67,972	-
Deferred tax		
Origination and reversal of timing differences	29,200	106,667
Total deferred tax	29,200	106,667
Taxation on profit on ordinary activities	97,172	106,667

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 JANUARY 2021**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	30 December 2019 to 3 January 2021 £	31 December 2018 to 29 December 2019 £
Profit on ordinary activities before tax	<u>475,866</u>	<u>436,141</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	90,415	82,867
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	53,896	15,241
Capital allowances for year/period in excess of depreciation	(46,935)	(8,732)
Non-taxable income	(204)	(4,561)
Group relief	-	21,852
Total tax charge for the year	<u>97,172</u>	<u>106,667</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges other than those disclosed in note 18.

11. Dividends

	30 December 2019 to 3 January 2021 £	31 December 2018 to 29 December 2019 £
Dividends paid	-	1,000,000
	<u>-</u>	<u>1,000,000</u>

KELLY FLEET SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 JANUARY 2021

12. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 30 December 2019	2,980,763	19,407,920	69,001	22,457,684
Additions	1,197,657	8,677,373	10,400	9,885,430
Disposals	(421,127)	(580,248)	-	(1,001,375)
Transfers between classes	30,001	39,000	(69,001)	-
At 3 January 2021	<u>3,787,294</u>	<u>27,544,045</u>	<u>10,400</u>	<u>31,341,739</u>
Depreciation				
At 30 December 2019	960,224	8,690,317	44,477	9,695,018
Charge for the year on owned assets	893,225	3,300,374	8,090	4,201,689
Disposals	(172,217)	(440,847)	-	(613,064)
Transfers between classes	10,997	39,000	(49,997)	-
At 3 January 2021	<u>1,692,229</u>	<u>11,588,844</u>	<u>2,570</u>	<u>13,283,643</u>
Net book value				
At 3 January 2021	<u>2,095,065</u>	<u>15,955,201</u>	<u>7,830</u>	<u>18,058,096</u>
At 29 December 2019	<u>2,020,539</u>	<u>10,717,603</u>	<u>24,524</u>	<u>12,762,666</u>

The net book value of assets held under hire purchase contracts is £5,946,937 (29 December 2019: £7,959,979).

13. Stocks

	3 January 2021 £	29 December 2019 £
Stocks	530,211	513,181
	<u>530,211</u>	<u>513,181</u>

Stock recognised in cost of sales during the year as an expense was £1,533,074 (2019: £1,348,006).

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 JANUARY 2021**

14. Debtors

	3 January 2021 £	29 December 2019 £
Due after more than one year		
Other debtors	-	74,235
Deferred tax asset	-	1,486
	<u>-</u>	<u>75,721</u>
Due within one year		
Trade debtors	233,604	1,213,420
Amounts owed by group undertakings	37,854,318	18,590,730
Other debtors	368,894	362,304
Prepayments and accrued income	300,472	346,262
	<u>38,757,288</u>	<u>20,588,437</u>

Included in other debtors due within one year is £74,235 (29 December 2019: £89,082) relating to tracking equipment held as short term assets.

Included in other debtors due after more than one year is £nil (29 December 2019: £74,235) relating to tracking equipment held as short term assets.

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 JANUARY 2021**

15. Creditors: Amounts falling due within one year

	3 January 2021 £	29 December 2019 £
Bank overdrafts	178,936	228,126
Trade creditors	1,743,009	1,662,710
Amounts owed to group undertakings	43,890,235	23,445,775
Corporation tax	68,176	-
Other taxation and social security	78,172	395,403
Obligations under finance lease and hire purchase contracts	5,840,263	3,714,050
Other creditors	259,555	39,775
Accruals and deferred income	674,950	1,323,128
	<u>52,733,296</u>	<u>30,808,967</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

The company is party to a group composite arrangement with certain companies within Kelly Communications Group Limited under which overdrafts can be offset by cross guarantees. The total at 3 January 2021 amounted to £178,936 (29 December 2019: £228,126).

A debenture is held by Kelly Communications Group Limited securing all monies due or becoming due to it. The total at 3 January 2021 amounts to £43,890,235 (29 December 2019: £23,445,775).

Net obligations under hire purchase contracts of £5,840,263 (29 December 2019: £3,714,050) are secured on the assets to which they relate.

16. Creditors: Amounts falling due after more than one year

	3 January 2021 £	29 December 2019 £
Net obligations under finance leases and hire purchase contracts	2,522,903	1,372,329
	<u>2,522,903</u>	<u>1,372,329</u>

Obligations on finance leases are secured on the assets to which they relate.

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 JANUARY 2021**

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	3 January 2021 £	29 December 2019 £
Within one year	5,840,263	3,714,050
Between 1-5 years	2,522,903	1,372,329
	<u>8,363,166</u>	<u>5,086,379</u>

18. Deferred taxation

	3 January 2021 £	29 December 2019 £
At beginning of year	1,486	108,153
Charged to profit or loss	(29,200)	(106,667)
At end of year	<u>(27,714)</u>	<u>1,486</u>

The deferred tax asset is made up as follows:

	3 January 2021 £	29 December 2019 £
Depreciation in excess of capital allowances	-	669
Short term timing differences	892	817
Fixed asset timing differences	(28,606)	-
	<u>(27,714)</u>	<u>1,486</u>

Under FRS 102, deferred tax must be measured using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date, and that are expected to apply to the reversal of the timing difference. The tax rates have been changed after the reporting date of 3 January 2021. For periods on or after 1 April 2023 the rate applicable will be 25%. The impact on the deferred tax liability of the application of a tax rate of 25% rather than 19% would result in an increase in the deferred tax liability of £8,752.

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 JANUARY 2021**

19. Share capital

	3 January 2021 £	29 December 2019 £
Allotted, called up and fully paid		
10,000 (29 December 2019: 10,000) Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

20. Reserves**Profit and loss account**

The profit and loss account is represented by retained earnings. Changes in reserves are set out in the Statement of Changes in Equity.

21. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £47,228 (2019: £42,470). Contributions totalling £10,439 (29 December 2019: £9,482) were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At 3 January 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	3 January 2021 £	29 December 2019 £
Not later than 1 year	23,095	23,095
Later than 1 year and not later than 5 years	333,888	476,035
	<u>356,983</u>	<u>499,130</u>

The total amount of commitments under operating leases recognised as an expense during the year was £23,095 (2019: £11,548).

KELLY FLEET SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 JANUARY 2021

23. Related party transactions

The company has taken advantage of the exemption available in Financial Reporting Standard 102 Section 33 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group. The consolidated financial statements of the ultimate parent company, Kelly Communications Group Limited are available from Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

During the year, Kelly Fleet Services Limited raised invoices totalling £698,512 (2019: £1,070,901) in respect of fleet hire and maintenance charges to Kelly Rail U.K. Limited, a company under common ownership. Included within trade debtors is an amount of £72,389 (29 December 2019: £709,661) owed by Kelly Rail U.K. Limited to Kelly Fleet Services Limited and included within trade creditors is an amount of £121 (29 December 2019: £242) due to Kelly Rail U.K. Limited by Kelly Fleet Services Limited. At the year end the net debtor amount of £72,268 (29 December 2019: £709,419) is owed to Kelly Fleet Services Limited by Kelly Rail U.K. Limited. During the year Kelly Rail U.K. Limited, a company under common ownership advanced a loan of £200,000 (2019: £nil) to Kelly Fleet Services Limited. At the year end within other creditors is an amount of £200,000 (29 December 2019: £nil) due to Kelly Rail U.K. Limited. This loan is unsecured, interest free and repayable on demand.

During the year, Kelly Fleet Services Limited paid £660 (2019: £102,750) of consultancy fees to Bestcall Solutions Limited. Mr L McGrane's spouse is a director of Bestcall Solutions Limited. At the year end there is no balance (29 December 2019: £nil) owed to Bestcall Solutions Limited.

24. Ultimate parent company

The ultimate parent undertaking during the year was Kelly Communications Group Limited, a company registered in England and Wales. The company's financial statements are consolidated into the financial statements of Kelly Communications Group Limited.

25. Ultimate controlling party

The company was under the control of T J Kelly throughout the year and the previous year by virtue of a controlling interest in the ultimate parent company.