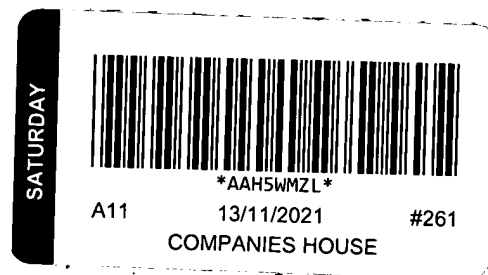


Registration number: 04088035

PALLETFORCE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



PALLETFORCE LIMITED

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PALLETFORCE LIMITED

COMPANY INFORMATION

Directors	H B Zarin
	A R Leonard
	S J Back
	D I Breeze
	D Holland
	D J Hughes
	S R Pearson
Company secretary	M W Tapper
	M Davies
Registered office	Callister Way Centrum West Burton upon Trent Staffordshire DE14 2SY
Auditors	BDO LLP 55 Baker Street London W1U 7EU

PALLETFORCE LIMITED

CHIEF EXECUTIVE OFFICER'S STATEMENT

Introduction

Palletforce Limited has continued to deliver year-on-year revenue and operating profit growth and once again outperformed the market over the latest trading period. At a time when its robust business model was tested to the limit, Palletforce's historic investment in capacity, infrastructure and technology, ensured it not only remained fully operational but once again delivered record distribution volumes.

This year the impact of the COVID-19 pandemic created a significant shock to the UK and European markets, forcing changes to our operations and ensuring the safety of employees and visiting drivers was always at the forefront of our response. As part of global logistics and technology provider EV Cargo, Palletforce will continue to leverage commercial opportunities for its members and reinvest profits to deliver sustained future growth.

Business Performance - Trading this year was 12 months to 31 December 2020 (note the prior year comparatives are a 15 month trading period from 1 October 2018 to 31st December 2019)

In the year revenue for Palletforce Limited increased by £19.5 million to £136.6 million (2019: £156.1 million) and operating underlying EBITDA (pre-exceptional items) was £12.24 million (2019: £8.98 million) reflecting an operating EBITDA margin of 9.0% (2019: 5.75%). Operating profit before interest and tax was £11.2 million (2019: £7.65 million) which represents an operating margin of 8.2% (2019: 4.9%).

The revenue increase in 2020 was primarily generated by continued growth in UK pallet volumes, driven by an increase in online commerce, and in international and domestic trading pre-Brexit. This was also boosted by additional network input from a growing membership and an increase of 5.6% in volumes on a like-for-like 12-month basis.

Robust Business Model

With the challenges posed by COVID-19 and Brexit preparations, the Palletforce business came under enormous strain during 2020. Swift and decisive management to mitigate the impact on the business, along with the introduction of a range of health and safety measures, strict controls and testing disciplines, kept employees safe in their role as keyworkers and the business fully operational during COVID restrictions.

The agility of the Palletforce network was pivotal in maintaining the UK's supply chain to ensure critical PPE, medical supplies and everyday essentials, were delivered by its unwavering members. Palletforce offered an unprecedented range of business support measures to members and joined a national partnership with major supermarkets to redistribute food to charities such as FareShare, the Trussell Trust, local foodbanks and community groups.

Palletforce's ability to successfully navigate the challenges was down to its historic investments throughout the network and the use of innovative technology which enabled contactless deliveries and ensured a quality service.

But, most of all, it was the sheer hard work, determination and commitment of Palletforce employees and its individual member companies which delivered success. By working together and for each other, the network remained fully operational to ensure essential freight was delivered and member businesses supported throughout the pandemic.

Not only did Palletforce see off the challenges of COVID-19, but its robust business model was the perfect platform to support the recovery of the UK economy by providing a cost-effective, scalable and sustainable distribution platform capable of handling fluctuating volumes and supporting reopening of the manufacturing, construction and hospitality industries. The network handled record volumes in the last six months of 2020 and, during December, successfully delivered over 30% more freight than the same period in 2019.

Long-Term Network Investment

The continued generation of cash to enable long-term reinvestment across the network is a key focus for Palletforce and this continues to benefit its members and customers.

The SuperHub investment creates significant gains over our competition including long-term capacity to enable growth and the provision of market-leading services. Investment in our people continues and never has there been a more important time where this has proven to be valued as an asset.

As sector leaders, we will continue our investment in pioneering technology. Palletforce was first to market with artificial intelligence technology and our Pallet selfie and ePOD2 technology allows members to offer the best possible technology-led services to their customers. Deploying unique patented technology, we are the only network able to scan, weigh and image every consignment.

Palletforce operations are accredited to ISO 9001, 14001 and 45001 status for quality, environmental and occupational health and safety management and we again achieved the RoSPA President's Award for securing gold safety status for 12 consecutive years.

PALLETFORCE LIMITED

CHIEF EXECUTIVE OFFICER'S STATEMENT (CONTINUED)

We are proud to say we have an entrepreneurial, passionate, talented and member-focused team at Palletforce. Promoting a positive, inclusive and diverse culture at all levels of the business, we continue to invest in corporate sustainability and, as part of EV Cargo, have signed up to the UN Global Compact and its sustainable development goals.

The Future

Caution remains on any future pandemic restrictions and our SuperHub will continue to operate to the highest COVID safety standards.

As sector-leaders, Palletforce will continue to deliver on its strategy of sustained and controlled growth, through innovation, technology and leveraging commercial opportunities from across the wider EV Cargo global business.

Volumes during the forthcoming trading period, alongside industry-wide challenges such as the supply of HGV drivers, will see Palletforce focusing on value over volume, which will help ensure the long-term sustainability of the business.

Like the entire logistics sector, Palletforce also expects international trading post-Brexit to decrease but we continue to lead the sector with our international services to many European countries.

Palletforce continues to enforce several financial, safety and operational measures to mitigate the associated risks, protect the business and most importantly support its members, ensuring the Palletforce distribution network and its individual transport company members remain viable and operational to support the UK's supply chain and post-COVID economic recovery.

I am proud to report another record year and would like to thank our entire membership, suppliers and employees for their efforts during this tough period.

By order of the board



Adam Leonard

PALLETFORCE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activity

The principal activity of the company is to maintain and manage a UK-wide and linked European distribution network for palletised goods together with the operation of a national sortation hub. As a logistics network for the distribution of palletised goods, the company focuses on providing high quality services for its members' and further enhancing a well reputed brand.

Fair review of the business

The company invested in additional space capacity to manage the next 5 years of growth and it operates two similar size units on a 38 acre site in Burton.

This provides capacity to grow both organically and by provision of capacity for our European business during Brexit.

The team is an important and central dynamic at Palletforce and people are at the heart of the business in everything it does and make a difference, ensuring that the high standards set are delivered in full.

Technology as outlined in the Chief Executive Officer's Statement on pages 2 and 3 is a core component of our strength to outperform competitors and the technology support is a vital service differentiator and all the necessary components to provide 100% service levels are what Palletforce strives to supply.

Principal risks and uncertainties

The general business environment in which Palletforce operates continues to be challenging and there continues to be uncertainty as to the long term growth of the UK and Europe economies. Brexit provides no certainty to the industry that guides and provides the rules on moving palletised goods between Europe and the UK. The Covid-19 pandemic across Europe and the UK brought new challenges and as a result, the directors are aware that any plans for future development may be subject to unforeseen events out of our control.

The trading of the business continues to be positive and the cash position remains strong. The healthy cash position allows the directors to have flexibility to grow the business and to be able to respond flexibly to market conditions and opportunities as they arise.

The directors consider that the company has limited exposure to market prices.

Financial risk management:

The company's principal financial instruments comprise bank loans, group indebtedness, debtors and creditors as described below and other corporate account debtors and supplier terms.

Credit risk - arises principally from our members and corporate accounts. The company operates a self-billing invoicing system for the members of our network, whereby the inter-network trading transactions (accounts receivable and payable) are offset against each other and the net balances are settled at the end of the trading period. Credit limits are closely monitored and trading relationships with the members are closely managed.

Liquidity/debt service - this aspect is managed closely by the directors through a tightly controlled cash management process and a weekly risk meeting.

Interest rate risk – the exposure to the risk in market interest rate changes relate to debt obligations with a floating interest rate.

Foreign currency risk – transaction exposure is limited since each transaction is carried out in the company's functional currency and is deemed to be a low risk.

PALLETFORCE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Section 172(1) statement

This section serves as our Section 172 statement and should be read in conjunction with the whole Strategic Report.

S172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders in their decision making.

The directors are required by the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote success of the company for the benefit of its shareholders as a whole and in doing so are required to have regard for the following:

- the likely long term consequences of any decision;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers (also referred to as members) and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the company.

The directors continue to recognise the importance of giving due consideration to the interests of the company's employees and other stakeholders, including the impact of its activities on the community, the environment and the company's reputation, when making decisions.

The Board considers that its major stakeholders are its employees, customers, lenders and shareholders. When making decisions, the interests of these stakeholders is considered informally as part of the Board's group discussions. Engaging with our stakeholders, including shareholders, suppliers, customers and employees, strengthens our relationships and helps the Board to understand the issues that matter most to them and our business and enables us to make better business decisions and deliver on our commitments. Feedback from our stakeholders is continually monitored and reviewed by the Board with appropriate actions taken as necessary.

The Board maintains a good relationship with the company's employees. The Board has constructive dialogue with employees through the executive directors and members of the senior management team. Appropriate remuneration and incentive schemes including bonuses and commissions are implemented to align employees' objectives with those of the company.

The Board aims to lead by example and do what is in the best interests of the company. Our culture is collaborative, with employees from across the business encouraged to work closely together, value the contribution that each person makes and always act in the best interests of the customer and members.

The Board ensures that the company maintains good relationships with its suppliers by contracting on their standard business terms and paying them promptly, within agreed and reasonable terms. Major customers are engaged with regularly. The Board receives regular reports on progress with customer relationships to ensure that their decision making takes into account the needs of the customer base.

The Board recognises that the company has a duty to be responsible and is conscious that its business processes minimise harm to the environment, and that it contributes as far as is practicable to the local communities in which it operates.

The Board recognises the importance of maintaining high standards of business conduct. The company operates appropriate policies on business ethics and provides mechanisms for whistle blowing and complaints which all employees are aware of.

The Board aims to maintain good relationships with its shareholders and treats them equally. The company communicates with shareholders through monthly Board meetings, the annual report and financial statements, and one-to-one meetings.

The Board receives regular updates on the views of stakeholders through briefings and reports from other members of the Board. The company regularly seeks feedback from employees through a number of mechanisms, including a question/feedback email platform directly addressing the CEO of EV Cargo. This information is used to improve service in general as well as addressing any arising issues or concerns.

PALLETFORCE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Engagement with suppliers, customers (members) and other relationships

Customers:

The company's mission is to 'Manage supply chains for the world's leading brands' and to this end, communication and engagement with customers is critical. Customers data is collected on an ongoing basis via various means and regular customer reports are produced for management and are regularly shared with directors. The company has dedicated Business Development teams to actively engage with existing and prospective customers.

Suppliers:

The company works closely with our suppliers on whom we depend to help us deliver the services we offer our customers. The company works with a large number of suppliers who vary vastly in size. Working in partnership with these suppliers, the company aims to ensure that our values and principles are upheld.

Approved by the Board on 21 October 2021 and signed on its behalf by:



S J Back
Director

PALLETFORCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors of the company

The directors who held office during the year were as follows:

H B Zarin - Chairman

A R Leonard - Chief executive (appointed 30 July 2020)

S J Back

D I Breeze

D Holland

D J Hughes

S R Pearson

M W Tapper

M Conroy (resigned 14 October 2021)

C H Moh (resigned 28 April 2020)

Financial instruments

Disclosures concerning financial instruments are set out in the 'Principal risks and uncertainties' paragraph in the Strategic Report on page 4.

Future developments

Future developments are covered in the Chief Executive Officer's Statement on pages 2 and 3.

Carbon & energy report

As a leading company in logistics and supply chain management, leading is what we do in all areas of our business, and sustainability is no different. As part of our commitment to transparency, communication and local values, we are proud advocates of all sustainability initiatives and champion our significant Environmental Policy, encouraging other companies to follow in EV Cargo's footsteps.

Operating across many countries means that we must be aware of varied sustainability initiatives and regulations to ensure that we meet and exceed compliance standards. We take our corporate social responsibilities seriously and believe in cultivating transparent business practices that continually aim to work with international markets and the environment.

Transport underpins the logistics sector and without it, millions of products each day would not reach consumers. EV Cargo works tirelessly to reduce the impact of fossil fuels on the environment by the streamlining and careful planning of transport routes.

It is our belief that leading companies across the globe have a responsibility to protect the environment for generations to come. Continual investment in technology, systems and processes allow us to reduce carbon emissions, minimise waste products and cut energy usage.

We understand that the logistics and supply chain sector plays a vital role in the way the world economy operates and we want to lead the way in providing a sustainable future.

Greenhouse gas emissions and energy consumption

In this section of this report:

- "kWh" means kilowatt hours; and
- "tCO₂e" tonnes of carbon dioxide equivalent.

Energy emissions for an annual period of reference are stated below in relation to each fuel source within Palletforce Limited.

PALLETFORCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Fuel	kWh	%	tCO2e	%
Electricity	1,202,691	11.2	332.6	14.0
LPG	8,970,757	83.7	1,924.0	80.6
Diesel - vehicles	538,929	5.0	129.7	5.4
	<u>10,712,377</u>	<u>100.0</u>	<u>2,386.3</u>	<u>100.0</u>

Intensity metric (tCO2e per £m of revenue)

17.46

The following methodologies were used to calculate the above quantities:

- The period covered by the review is the 12-month period from 1 January 2020 to 31 December 2020.
- Data for electricity was collected from the energy suppliers' invoices so is based on actual usage.
- The LPG emissions were calculated based on the number of litres delivered during the year for use on the forklift trucks.
- Diesel for use on our on site vehicles - shunters, sweepers, generators and sprinkler pumps was calculated on litres delivered and diesel used for business mileage by employees using both company and private vehicles was calculated based on the payments made for the business miles converted into litres used.

Efficiency measures taken

As a Pallet Network, we use the less-than-truckload approach to ensure the consolidation of multiple small consignments into a single consignment, thereby taking vehicles off the road and reducing fuel usage by our member depots. The use of our Next Day and Eco services enables our member depots to plan the most efficient way to move their freight.

The two warehouses use low energy lighting, PIR controlled lighting and undergo strict recycling processes to reduce waste materials.

We have adjusted the layout of our two warehouses to reduce the distance travelled by our forklift trucks to reduce fuel used and maximise the life expectancy of tyres and parts.

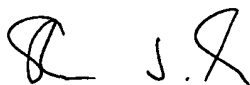
Disclosure of information to the auditors

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors BDO LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 21 October 2021 and signed on its behalf by:



S J Back
Director

PALLETFORCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

PALLETFORCE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PALLETFORCE LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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.

We have audited the financial statements of Palletforce Limited ('the Company') for the year ended 31 December 2020, which comprise the the profit and loss account, the balance sheet and the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

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 were 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

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

PALLETFORCE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PALLETFORCE LIMITED (CONTINUED)

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were not in line with the applicable laws and regulations, including fraud.

We understood how the Company is complying with those laws and regulations by making enquiries of management concerning actual and potential litigation and claims. We corroborated our enquiries through our review of board minutes and any correspondence with regulatory bodies to evaluate whether there were any instances of non-compliance. Additionally, we obtained an understanding of management's procedures relating to detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

PALLETFORCE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PALLETFORCE 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Alexander Tapp

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Alexander Tapp (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 09 November 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

PALLETFORCE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

		Year ended 31 December 2020 £ 000	(As restated) 1 October 2018 to 31 December 2019 £ 000
	Note		
Turnover	3	136,638	156,121
Cost of sales		<u>(112,299)</u>	<u>(130,157)</u>
Gross profit		24,339	25,964
Administrative expenses		(13,345)	(18,402)
Other operating income	4	<u>157</u>	<u>87</u>
Operating profit	5	11,151	7,649
Loss on disposal of investment in subsidiary		-	(500)
Write off of amounts due from subsidiary		-	(814)
Interest payable and similar charges	6	<u>(402)</u>	<u>(323)</u>
Profit before tax		10,749	6,012
Taxation	10	<u>(1,440)</u>	<u>(1,131)</u>
Profit for the financial year		<u><u>9,309</u></u>	<u><u>4,881</u></u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

The notes on pages 16 to 29 form an integral part of these financial statements.

PALLETFORCE LIMITED

**(REGISTRATION NUMBER: 04088035)
BALANCE SHEET AS AT 31 DECEMBER 2020**

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Intangible assets	11	-	-
Tangible assets	12	<u>1,762</u>	<u>2,397</u>
		<u>1,762</u>	<u>2,397</u>
Current assets			
Stocks	13	3	4
Debtors	14	29,942	36,629
Cash at bank and in hand		<u>7,758</u>	<u>313</u>
		37,703	36,946
Creditors: Amounts falling due within one year	15	<u>(33,192)</u>	<u>(20,684)</u>
Net current assets		<u>4,511</u>	<u>16,262</u>
Total assets less current liabilities		6,273	18,659
Deferred tax liabilities	10	<u>(17)</u>	<u>(86)</u>
Net assets		<u>6,256</u>	<u>18,573</u>
Capital and reserves			
Called up share capital	18, 19	1,095	1,095
Share premium reserve	19	1,223	1,223
Capital redemption reserve	19	238	238
Profit and loss account	19	<u>3,700</u>	<u>16,017</u>
Total equity		<u>6,256</u>	<u>18,573</u>

Approved and authorised by the Board on 21 October 2021 and signed on its behalf by:



S J Back
Director

The notes on pages 16 to 29 form an integral part of these financial statements.

PALLETFORCE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	1,095	1,223	238	16,017	18,573
Profit for the year	-	-	-	9,309	9,309
Dividends	-	-	-	(21,626)	(21,626)
At 31 December 2020	<u>1,095</u>	<u>1,223</u>	<u>238</u>	<u>3,700</u>	<u>6,256</u>

	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 October 2018	1,095	1,223	238	11,136	13,692
Profit for the year	-	-	-	4,881	4,881
At 31 December 2019	<u>1,095</u>	<u>1,223</u>	<u>238</u>	<u>16,017</u>	<u>18,573</u>

The notes on pages 16 to 29 form an integral part of these financial statements.

PALLETFORCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Callister Way
Centrum West
Burton upon Trent
Staffordshire
DE14 2SY

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (March 2018).

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest £1,000.

Summary of disclosure exemptions

Palletforce Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in its financial statements. Exemptions have been taken in the company's financial statements in relation to financial instruments and presentation of a statement of cash flows.

Name of parent of group

These financial statements are consolidated in the financial statements of EVCH UK Limited (formerly EV Cargo Global Forwarding Limited).

The financial statements of EVCH UK Limited (formerly EV Cargo Global Forwarding Limited) may be obtained from the company's registered office.

Disclosure of long or short period

The financial statements presented cover the year ended 31 December 2020, with the comparative representing the period from 1 October 2018 to 31 December 2019, as a result of aligning the reporting date with those of its group undertakings and as such are therefore not comparable.

Going concern

Going concern was challenged in FY20 and as described in the Chief Executive Officer's Statement the business model was severely tested and proved to be robust and resilient in managing COVID-19 and Brexit volume declines and subsequently recovered to outperform in the second half of the year.

Palletforce has continued to enforce several financial, safety and operational measures to mitigate the ongoing risks to protect the business and ensure that it remains viable and can benefit from the post COVID-19 recovery.

The company is party to the financing arrangements of the group which includes cross guarantees across all group undertakings. As a result the directors have considered the facilities and forecasts of the group when assessing the ability of the company to continue to trade.

The directors have prepared forecasts for the group for a period extending over one year from the signing of these financial statements. These forecasts show that the group has sufficient headroom within its current facilities to arrange for the settlement of its debts in an orderly manner. On this basis the directors have prepared the financial statements on a going concern basis.

PALLETFORCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2 Accounting policies (continued)

Reclassification of comparative amounts

Included in the financial statements for the period ended 31 December 2019 an amount of £839,000 was presented as a payment for the surrender of tax losses from a group company. During the current year, the Directors have reviewed the allocation of this payment in the profit and loss account and consider that such amounts represent group management charges. Accordingly, and to ensure appropriate and consistent presentation in the financial statements, the profit and loss account for the period ended 31 December 2019 has been restated from the previously reported amounts as follows: administrative expenses of £17,563,000 has been restated to £18,402,000; operating profit of £8,488,000 has been restated to £7,649,000; profit before tax of £6,851,000 has been restated to £6,012,000; and taxation has been restated from £1,970,000 to £1,131,000. No other amounts in the profit and loss account or in the other primary statements have been effected.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying 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.

Judgements

No significant judgements have been made by management in preparing these financial statements.

Key sources of estimation uncertainty

No key sources of estimation uncertainty have been identified by management in preparing these financial statements other than those detailed in these accounting policies.

Revenue recognition

Turnover represents the value, net of value added tax, transportation and logistics services provided during the period.

Network fees:

Network fees relate to the charge applied per pallet for utilising the network. Revenue is recognised on the distribution of palletised goods through the Company's hub and depot infrastructure.

Strategic and national sales:

Strategic and National Sales relates to revenue received in respect of national and international sales made with third parties, other than directly made with Network Members, inclusive of a small element of storage income. Revenue is recognised on the distribution of palletised goods through the hub and depot infrastructure.

Network turnover:

Network turnover relate to the charge applied per pallet for transportation around the network and to the end delivery point. Revenue is recognised on the distribution of palletised goods through the hub and depot infrastructure.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

PALLETFORCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2 Accounting policies (continued)

Tax

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

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Short leasehold property	2 - 4 years straight line
Plant and machinery	3 - 4 years straight line
Fixtures and fittings	3 - 4 years straight line
Computer hardware	3 - 5 years straight line

Intangible assets

Separately acquired intangible assets are included at cost and amortised over their estimated useful economic life. Provision is made for any impairment.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Computer software	2 - 3 years straight line

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

PALLETFORCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2 Accounting policies (continued)

Trade debtors

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method.

At each reporting date, stocks are assessed for impairment. If stocks are 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.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

PALLETFORCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2 Accounting policies (continued)

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial 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.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

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. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial 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.

PALLETFORCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	Year ended 31 December 2020 £ 000	1 October 2018 to 31 December 2019 £ 000
Network Turnover	97,611	111,322
Network Fees	25,569	28,913
Strategic and National sales	11,818	14,161
Additional charges	1,640	1,725
	<u>136,638</u>	<u>156,121</u>

The above represents the rendering of services.

The analysis of the company's turnover for the year by market is as follows:

	Year ended 31 December 2020 £ 000	1 October 2018 to 31 December 2019 £ 000
United Kingdom	133,621	152,274
Europe	3,017	3,847
	<u>136,638</u>	<u>156,121</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	Year ended 31 December 2020 £ 000	1 October 2018 to 31 December 2019 £ 000
Administrative recharges	92	87
Rental income	65	-
	<u>157</u>	<u>87</u>

Administrative recharges relate to the usage of central resources throughout the network, which are purchased by the company and recharged to network members.

5 Operating profit

Arrived at after charging/(crediting):

	Year ended 31 December 2020 £ 000	1 October 2018 to 31 December 2019 £ 000
Depreciation expense	1,088	1,198
Foreign exchange losses	4	6
Operating lease expense - plant and machinery	830	1,112
Operating lease expense - property	3,205	4,049

PALLETFORCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)**

6 Interest payable and similar expenses

	Year ended 31 December 2020 £ 000	1 October 2018 to 31 December 2019 £ 000
Interest on bank overdrafts and borrowings	121	23
Interest expense on other finance liabilities	281	300
	<u>402</u>	<u>323</u>

Interest expense on other financial liabilities represents amounts payable to group undertakings for management charges.

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	Year ended 31 December 2020 £ 000	1 October 2018 to 31 December 2019 £ 000
Wages and salaries	6,285	8,858
Social security costs	731	949
Pension costs, defined contribution scheme	252	376
	<u>7,268</u>	<u>10,183</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	Year ended 31 December 2020 No.	1 October 2018 to 31 December 2019 No.
Distribution	124	121
Administration	50	64
Management	26	23
Executive directors	7	7
	<u>207</u>	<u>215</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	Year ended 31 December 2020 £ 000	1 October 2018 to 31 December 2019 £ 000
Remuneration	1,256	1,376
Contributions paid to money purchase schemes	152	162
	<u>1,408</u>	<u>1,538</u>

PALLETFORCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)**

8 Directors' remuneration (continued)

During the year the number of directors who were receiving benefits was as follows:

	Year ended 31 December 2020 No.	1 October 2018 to 31 December 2019 No.
Accruing benefits under money purchase pension scheme	<u>6</u>	<u>6</u>

In respect of the highest paid director:

	Year ended 31 December 2020 £ 000	1 October 2018 to 31 December 2019 £ 000
Remuneration	320	384
Company contributions to money purchase pension schemes	<u>27</u>	<u>26</u>

9 Auditors' remuneration

	Year ended 31 December 2020 £ 000	1 October 2018 to 31 December 2019 £ 000
Audit of the financial statements	<u>35</u>	<u>27</u>

10 Taxation

Tax charged/(credited) in the profit and loss account

	Year ended 31 December 2020 £ 000	(As restated) 1 October 2018 to 31 December 2019 £ 000
Current taxation		
UK corporation tax	2,202	1,047
UK corporation tax adjustment to prior periods	<u>(693)</u>	<u>48</u>
	<u>1,509</u>	<u>1,095</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(79)	40
Arising from changes in tax rates and laws	<u>10</u>	<u>(4)</u>
Total deferred taxation	<u>(69)</u>	<u>36</u>
Tax charge in the profit and loss account	<u>1,440</u>	<u>1,131</u>

PALLETFORCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)**

10 Taxation (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	Year ended 31 December 2020 £ 000	(As restated) 1 October 2018 to 31 December 2019 £ 000
Profit before tax	10,749	6,012
Corporation tax at standard rate	2,042	1,142
Effect of expense not deductible in determining taxable profit	81	289
(Decrease)/increase in UK and foreign current tax from adjustment for prior periods	(690)	48
Tax decrease arising from group relief	-	(344)
Deferred tax expense/(credit) relating to changes in tax rates or laws	10	(4)
Other tax effects for reconciliation between accounting profit and tax expense	(3)	-
Total tax charge	1,440	1,131

A reduction in the UK corporation tax rate to 17% from April 2020 was substantively enacted in September 2016, although this was subsequently reversed and enacted in March 2020 with the UK corporation tax rate remaining at 19%. In March 2021 further changes to the UK corporation tax rate were announced by the Chancellor of the Exchequer, including an increase in the main rate of corporation tax to 25% from April 2023. The enacted rates at the balance sheet date have been appropriately reflected in the calculation of deferred tax in the company's financial statements.

Deferred tax

Deferred tax assets and liabilities

2020	Liability £ 000
Difference between accumulated depreciation and amortisation and capital allowances	34
Other	(17)
	17
2019	Liability £ 000
Difference between accumulated depreciation and amortisation and capital allowances	92
Other	(6)
	86

PALLETFORCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)**

11 Intangible assets

	Computer software £ 000
Cost	
At 1 January 2020	<u>911</u>
At 31 December 2020	<u>911</u>
Amortisation	
At 1 January 2020	<u>911</u>
At 31 December 2020	<u>911</u>
Carrying amount	
At 31 December 2020	<u>-</u>
At 31 December 2019	<u>-</u>

PALLETFORCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

12 Tangible assets

	Land and buildings £ 000	Plant and machinery £ 000	Fixtures and fittings £ 000	Computer hardware £ 000	Total £ 000
Cost					
At 1 January 2020	1,525	264	366	5,760	7,915
Additions	85	-	56	312	453
At 31 December 2020	1,610	264	422	6,072	8,368
Depreciation					
At 1 January 2020	877	198	328	4,115	5,518
Charge for the period	109	38	20	921	1,088
At 31 December 2020	986	236	348	5,036	6,606
Carrying amount					
At 31 December 2020	624	28	74	1,036	1,762
At 31 December 2019	648	66	38	1,645	2,397

Included within the net book value of land and buildings above is £624,000 (2019 - £648,000) in respect of short leasehold land and buildings.

PALLETFORCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

13 Stocks

	2020 £ 000	2019 £ 000
Raw materials	<u>3</u>	<u>4</u>

14 Debtors

	2020 £ 000	2019 £ 000
Trade debtors	14,122	10,760
Amounts owed by related parties	15,284	25,221
Other debtors	33	-
Prepayments	<u>503</u>	<u>648</u>
Total current trade and other debtors	<u>29,942</u>	<u>36,629</u>

The carrying amount of trade debtors pledged as security for liabilities amounted to £7,473,000 (2019 - £6,791,000). Trade debtors have been pledged as security for the company's other borrowings.

15 Creditors

	Note	2020 £ 000	2019 £ 000
Due within one year			
Loans and borrowings	16	7	2,609
Trade creditors		12,821	9,696
Amounts due to related parties		10,237	2,797
Social security and other taxes		1,925	545
Other creditors		681	525
Accrued expenses		6,569	4,354
Corporation tax liability		<u>952</u>	<u>158</u>
		<u>33,192</u>	<u>20,684</u>

16 Loans and borrowings

	2020 £ 000	2019 £ 000
Current loans and borrowings		
Other borrowings	<u>7</u>	<u>2,609</u>

Other borrowings

Other borrowings are secured by fixed and floating charges over the assets of the company and its parent companies. The borrowings impose a negative pledge which prohibits the company and parent companies from creating any security interests over the property pledged as security.

17 Pension and other schemes

Defined contribution pension scheme

The company operates defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the company to the schemes and amounted to £252,000 (2019 - £376,000).

PALLETFORCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

18 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No. 000	£ 000	No. 000	£ 000
1,095,144 Ordinary shares of £1 each	<u>1,095</u>	<u>1,095</u>	<u>1,095</u>	<u>1,095</u>

19 Reserves

Called up share capital:

Represents the issued equity share capital of the company.

Share premium reserve:

Represents the aggregate net proceeds less nominal value of shares on issue of the company's equity share capital.

Capital redemption reserve:

Represents the nominal value of the equity share capital of the company when shares are repurchased or cancelled.

Profit and loss account:

Represents cumulative profits or losses, net of dividends paid and other adjustments.

20 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2020	2019
	£ 000	£ 000
Not later than one year	3,765	3,846
Later than one year and not later than five years	13,064	13,876
Later than five years	<u>29,896</u>	<u>24,208</u>
	<u>46,725</u>	<u>41,930</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £4,035,000 (2019 - £5,161,000).

21 Dividends

	Year ended 31 December 2020	1 October 2018 to 31 December 2019
	£ 000	£ 000
Interim dividends paid	<u>21,626</u>	<u>-</u>

22 Financial guarantee contracts

The company is party to a financial guarantee contract in relation to the bank borrowings of its parent companies, which at 31 December 2020 amounted to £20,500,000. These bank borrowings are secured by a fixed and floating charge over the assets of the company and its parent companies and imposes a negative pledge which prohibits the company and its parent companies from creating any security interests over the property pledged as security.

PALLETFORCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

23 Parent and ultimate parent undertaking

The company's immediate parent is Forcefield Bidco Limited, incorporated in England & Wales. The ultimate parent is Billion Venture Group Limited, incorporated in the British Virgin Islands. The most senior parent entity producing publicly available financial statements is EVCH UK Limited (formerly EV Cargo Global Forwarding Limited), being both the parent of the smallest and largest group in which these financial statements are consolidated. These financial statements are available upon request from Phoenix House, Oxford Road, Gerrards Cross, Buckinghamshire, SL9 7AP. The ultimate controlling party is Mr H Zarin.