

Gregory Distribution Trading Ltd

Report and Accounts

for the 52 week period ended 1 October 2022

Registered No: 14251050

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COMPANIES HOUSE

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J K Gregory

Secretary

Foot Anstey Secretarial Limited

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Strategic report

The directors present their strategic report for the period ended 1 October 2022. The company was incorporated on 22 July 2022, with the sole shareholder being Gregory Distribution (Holdings) Limited. On 30 September 2022, investments in subsidiaries and joint ventures previously held by Gregory Distribution (Holdings) Limited were transferred via a share for share exchange and through intercompany balances. The company have decided to prepare a short period of account to 1 October 2022. However, they have decided to prepare consolidated financial statements as if the group always existed under merger accounting rules. See note 2 of the financial statements on page 24 for further details.

Purpose

Our primary purpose is to deliver visionary logistics for our customers. This is underpinned by the 5 'P's of our Purpose which are described below:



We communicate our purpose to our employees and our broader stakeholders through a range of approaches including internal announcements, presentations, newsletters and notice boards. Wherever possible, we ensure that appropriate messaging and language is embedded in internal communications to reinforce the purpose and the 5 'P's. Management Board members and senior management teams are expected to demonstrate the purpose in their daily interactions.

Our values, culture and strategy are each aligned with our purpose. Our values and culture are captured and defined in 'The Gregory Group Way' which underpins the way we do business. The Gregory Group Way aligns a series of behaviours to the 5 'P's, and the behaviours supporting each 'P' are championed across the business by one of our Board members. Our leadership teams are expected to exhibit the Gregory Group Way and our internal communications are designed to reinforce it. We use employee forums and specifically designed surveys to measure the level to which these are embedded within the business.

Key Performance Indicators and other business measures

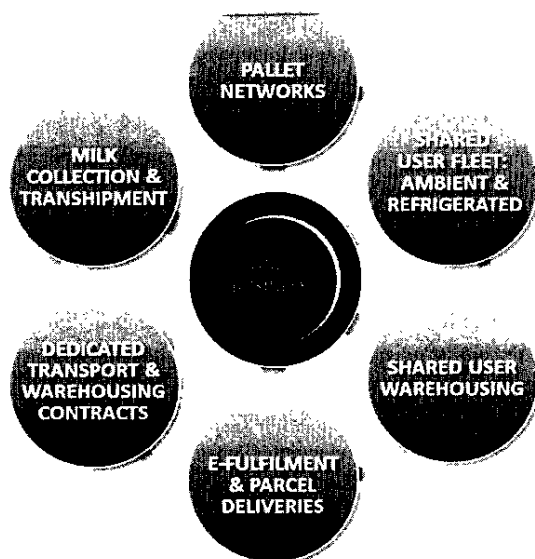
	52 week period ended 1 October 2022 £'000	Proforma 52 week period ended 2 October 2021 £'000
Turnover	335,624	273,431
Profit before tax	12,427	11,339
Net Assets	42,833	72,247
EBIT*	14,708	12,581
EBITDA	32,423	27,683
Operating Profit/Turnover	4.3%	4.6%

*After dividends received and fair value adjustments.

Strategic report continued

Business Overview

The Gregory Group is a distribution business which offers the full range of services as follows:



Pallet networks

We are a market leader in pallet distribution services and can send consignments from small, single pallets to full loads through regional hubs to any location in the UK.

Milk collection and transhipment

Gregory is a national market leader in the UK dairy industry. Our tanker fleet collects over 5.7 million litres of milk a day from over 1,000 farms and transports it onwards to food processors and manufacturers.

Ambient and refrigerated shared user transport

We offer full load and groupage ambient transport and full load chilled transport to all sectors of the economy.

Dedicated transport and warehousing contracts

Operating on either a 3PL (third-party logistics) or 4PL (fourth-party logistics) basis, we provide dedicated solutions including chilled and ambient distribution and specialist transport including tankers, tippers, bulkers, walking floors and flatbeds.

Shared user warehousing

With over 1,400,000 square feet of ambient and temperature controlled warehouse space across the UK, the Group stores over 180,000 pallets at any given time.

E-fulfilment services including parcels

We service our customers' e-fulfilment solutions by providing both B2B and B2C pick and pack distribution services, from full loads to single pallets and parcels, using our parcel delivery partner.

As a Group we nurture an environment in which our near 3,000 people can flourish, covering nearly 138 million kilometres per year and operating nearly 1,200 trucks and 2,000 trailers.

We have operations based in over 35 locations across the UK with a particularly strong presence in the South West of England and Scotland.

Our business is well invested in technology to support our customer requirements and our future growth. In addition we invest significantly in our people through our in house training department which includes over 20 driver trainers and also delivers our apprenticeship scheme.

We have a track record of growing the business profitably, legally and safely and our strategy is to continue that growth through partnership with existing customers, winning new customers and appropriate acquisitions.

The sector in which we operate does affect the environment, however as a business we embrace change that reduces our impact on the planet. Our customers recognise us as being at the forefront of the sustainability agenda within the sector. We operate over 35 LNG and CNG vehicles and one all electric 19 tonne refrigerated rigid vehicle. With the increase in gas prices we have transitioned some of our fleet to Hydrogenated Vegetable Oil (HVO) and installed dedicated fuel infrastructure to support this. We currently have plans to operate over 50 vehicles on HVO by early 2023.

Strategic report continued

Business Review

We entered this financial year having significantly increased driver pay to mitigate the UK wide driver shortage and thereby protect the service to our customers. In addition, we had substantially invested in our flagship driver-apprenticeship programme with a plan to train 230 new drivers over the course of the year.

During the first quarter of the year, the medium term impact of the pandemic on global supply chains became apparent with a number of significant inflationary pressures affecting the business. Fuel prices in October 2021 surged to record highs and although we were able to pass on these increases to our customers, in many cases there was a time lag before we could do so which impacted our profitability.

Continued shortages of semi-conductors impacted the availability of vehicles and trailers with a number of suppliers closing their order books and lead times lengthening to over two years in some cases. Not surprisingly in this environment the cost of fleet increased, and this was further compounded by significantly higher maintenance costs arising from the older fleet. These impacts were partly mitigated by the demand for second hand vehicles completely outstripping supply, which increased the resale value of the vehicles that we were able to replace.

Our customers were also impacted by this challenging environment, particularly in our Milk Business Area where farmers were under huge pressure due to feed, fuel and fertilizer price rises. This resulted in lower milk volumes being produced and therefore a reduction in the litres collected against a relatively fixed cost base.

The driver shortage eased slightly as we entered the second quarter, January and February being relatively quiet for our business. However, knowing that the underlying driver shortage still existed and with the availability of vehicles still an issue, we retained more kit than usual for the time of year and continued recruiting drivers in anticipation of increased volumes in the spring.

Along with the rest of the world we were shocked and saddened when the war in Ukraine started in late February. We felt the impact almost immediately as diesel price levels rapidly reached new highs. Volumes of work in March were much lower than we had anticipated, however we started to see some recovery in April.

By this time the cost of living crisis was rearing its head and volume generally was dampened in the second half, to such an extent that the driver shortage eased and subcontractors were much more readily available. Inevitably given the lower volumes and the changing external environment, we ended the year reducing the number of vehicles we were running and scaling back the number of apprentices we would recruit.

In addition, the price of energy increased significantly and while this would not impact us until the end of the financial year due to fixed contracts, discussions with customers about the impact on rates were started.

During the year we were supported by our customers with rate reviews as they understood and recognised the impact of the cost pressures that we faced.

Despite the challenges described, a number of our dedicated contracts have performed well as we supported the growth and strategic plans of our customers.

The Pollock business was integrated into the Group which drove improvements in profitability and margin and our Scottish shared user transport business outperformed management expectations.

In line with our Group strategy, we continued to expand our warehouse footprint, leasing a 160,000 square feet warehouse in the Bristol area to support the strategy of an existing blue chip customer. We also invested in expansion of our freehold warehouse in Plymouth and converted ambient warehousing to refrigerated space at freehold and leasehold sites to directly support the growth strategy of another key customer.

Strategic report continued

Business Review continued

Having invested in a warehouse in the Midlands, in 2021 we have been able to offer a storage option for more of our existing transport customers. The warehouse experienced some operational start up issues during the year with the inevitable negative impact on profitability. However, the site has now been transformed and received the highest level BRC rating during the year. Some capacity remains available at this site but despite this its financial performance has improved significantly over the course of the year.

The Group continued to put sustainability at the heart of its agenda and supported a number of key customers with their own CO2 emission objectives. In 2021 and 2022 we invested in new trucks which use LNG as an alternative to diesel with an 85% reduction in CO2 emissions. During 2022 as gas prices increased we saw a shift towards utilisation of HVO (hydrogenated vegetable oil) in existing vehicles which reduces emissions by over 90%.

Since the year end we have finalised plans to increase our warehouse footprint in Avonmouth and the Scottish Central Belt, adding another 250,000 square feet in total, to support additional business with existing customers.

Overall, despite a hugely challenging year, the business continued to grow organically with new and existing customers, and with the impact of acquisitions made in 2021. Revenue has also been positively impacted by the higher diesel prices and recovery of costs from our customers.

The leadership team worked hard to mitigate the impact of the inflationary challenges with a combination of efficiencies and cost recovery. This together with new business, growth with existing customers and a full year of the Pollock business meant that profitability improved year on year by 8%. At the profit before tax level this was below management expectations, however EBITDA was ahead of management expectations, reflecting the impact of higher depreciation and interest during the year.

The business remains strong and in a good position to overcome the current market challenges as well as realising the opportunities which will inevitably arise.

The Group's profit on ordinary activities before taxation for the period was £12.4m (proforma 2021: £11.3m). Turnover increased by 23% in the period.

As a result of a re-financing exercise in the period (see point 2 of the s.172 report on page 7), the group were able to report a strong cash position at the end of the period, with cash increasing to £14.3m (proforma 2021: £4.7m). As a result of certain owned properties being transferred to another group company, net assets at the period end were £42.8m (proforma 2021: £72.2m).

Future Developments

The Directors remain optimistic about the Group's prospects. We anticipate difficult economic conditions in 2023, however there remain plenty of opportunities in the pipeline with new customers and to increase the breadth of our offering to existing customers. In addition, we will continue to partner with our customers to support their strategic initiatives and growth plans. This will include an expansion of our warehouse footprint in both England and Scotland.

We anticipate an improvement in profitability year on year in our midlands warehousing operation as we utilise the capacity more fully.

We will actively develop our supplier partnerships to support our growth and optimise our input costs.

We plan to continue to drive the sustainability agenda and aim to maintain our position as a market leader in this area for our sector, by supporting the transition of customers to the use of HVO instead of diesel.

Through our strong partnerships with both our customers and our suppliers we expect to drive a further increase in profitability.

Strategic report continued

Principal risks and uncertainties

Our approach to risk management is overseen by our Group Risk and Internal Audit Committee whose role is to:

- embed a comprehensive Group-wide risk management process
- review key risks and their mitigations
- oversee the Group's approach to business continuity planning
- determine internal audit priorities
- approve and review the effectiveness of the internal audit programme

At the time of reporting, the following are the key risks facing the Group:

Risk	Mitigation	Year on year movement
Cyber-attack affects ability to service customers	Robust infrastructure Business Continuity Plans in place Dedicated IT security team Engagement with industry expertise Strong internal engagement, education and awareness programme Independent resilience testing Partnership with leading third-party security operations and monitoring firm	Level
Driver shortage affects ability to service customers	Apprentice Programme Recruitment and retention initiatives Employee engagement Regular pay benchmarking	Reduced likelihood
General skills shortage (warehouse and office staff)	Recruitment initiatives Regular pay benchmarking Employee engagement Strong presence on social media	Level
Shortage of new vehicles	Extending the life of vehicles Buying new vehicles from a broader range of suppliers Buying used vehicles	Reduced likelihood
New legislation affects cost base (e.g. clean air zones)	Monitor legal changes and cost impacts Drive optimisation to offset costs Review commercial elements of contracts as necessary	Level
Customer expectations around sustainability impacts customer relationships	Engagement with customers regarding our sustainability journey Maintain strong sustainability agenda Signed commitment letter to Science Based Targets initiative Implemented LNG, CNG, electric and Hydrogenated Vegetable Oil (HVO) vehicles Installed LNG and HVO fuelling facilities	Increased likelihood
Inflationary pressure on costs including wages	Contractual rate review mechanisms with customers linked to CPI/wage reviews Early engagement with employee representatives	New risk
Recession affects trading	Flexibility in vehicle fleet Diverse customer base Credit control measures	Increased likelihood
Increased energy and fuel prices	Contractual customer fuel surcharge mechanisms Investment in solar panels on warehouses Customer rate reviews agreed for temperature-controlled warehousing	New risk

Strategic report continued

Section 172(1) statement

The Directors of each of the Group companies have acted in a way that they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so having regard (amongst other matters) to:

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

Section 172 considerations are embedded in Board decision making across the Group and further supported by the purpose, vision, values, culture and strategy of the Group.

- Our strategy is aimed at creating long term value for shareholders and we are proud of the reputation and 100 year heritage of the Gregory Group.
- We are a responsible employer who cares for the safety, welfare and wellbeing of our employees. We nurture an environment in which our people can flourish and seek to grow the business profitably, legally and safely. We have high ethical standards.
- We work in partnership with our customers, suppliers and the local communities in which we operate. We are very aware of the environmental impact of our operations and we embrace change that reduces our impact on the planet and our local communities.
- We engage responsibly with our many key stakeholders. The following section lists the key decisions that were made during the year together with how we engaged with the relevant stakeholders:

- 1. Reducing our impact on the planet.** Sustainability is at the heart of our purpose and continues to be of strategic importance to our customers. We are in continual dialogue with our customers to drive the sustainability agenda and support them with their carbon footprint reduction objectives.
The Board also regularly reviews our miles per gallon and works to optimise the use of our fleet to reduce miles travelled.
In partnership with our vehicle suppliers, we are kept at the forefront of industry developments. The impact of this is the continued adoption of alternative fuelled vehicles which is described in more detail in the Carbon Energy Reporting section.
- 2. Refinancing and group restructuring.** As the Group has continued to grow rapidly, the Board undertook a review of its corporate structure to ensure that it was optimal for a business with turnover in excess of £335m which owns a number of its operating sites. A decision was made to adopt a more standard structure in which owned property is housed in a separate company. This change necessitated a review of the Group finance facilities to ensure the right parts of the business were supported by the right financial instruments, that would support further business growth and capital investment with an appropriate level of flexibility. The Board, therefore, tendered its banking arrangements and made the decision to refinance with a new service provider.
- 3. Lease of additional warehousing.** Working in partnership with one of our larger customers, the Board made the decision to lease a 160,000 square feet warehouse in the Bristol area to support the growth and development of our services to this and other customers.
Decisions were also made to explore additional leased warehouse options in Avonmouth and the Scottish Central Belt to support potential new business. Completion of additional leases would be backed by firm customer requirements.

Strategic report continued

Section 172(1) statement continued

4. **Management of the impact of Semiconductor Shortage.** The Directors mitigated significant increases in fleet delivery lead times (in some cases over 2 years) by procuring second hand vehicles where possible and retaining our existing fleet for longer. This led to pressure on workshops and so additional third party maintenance providers were recruited. In addition firm orders were placed for all known 2023 fleet requirements. The other area significantly impacted by the semi-conductor shortage was technology, and the Board made the decision to mitigate this by ordering stock of laptops, PCs, and wherever possible infrastructure related hardware.

Examples of our overall approach to our engagement with our key stakeholders is summarised in this table:

Stakeholder group	Engagement
Employees	Employee forums Employee surveys Regular communications (Group and local newsletters, etc) Cascade of Management Conference information Driver input to vehicle specifications
Employee representatives	Regular meetings and dialogue
Customers	Strong partnership with key contract / account / general manager Continued review and optimisation of solution Regular performance reviews, supported by service level agreements and key performance indicators Contracts in place to ensure clear commercial arrangements
Shareholders	Regular Board meetings
Suppliers	Long term partnership with key suppliers Regular reviews Clear responsibilities and contracts in place
Bank / finance providers	Regular facility reviews and monthly updates on Group performance.
Industry bodies (e.g. Road Haulage Association (RHA), Logistics UK)	We are active members of these bodies and participate in meetings and surveys
Industry regulators (Department for Transport (DfT), VOSA)	As a compliant operator, we are responsive to requests for information and have regular open dialogue

Strategic report continued

Corporate Governance

Board of Directors

Gregory Distribution Trading Ltd is ultimately owned by Gregory Distribution (Holdings) Limited, a family owned holding company with the board comprising family members and a non-family Managing Director. The four trading businesses, Gregory Distribution Ltd, Hayton Coulthard Transport Ltd, ARR Craib Transport Ltd and Pollock (Scotrans) Ltd, each have Management Boards that consist of non family members which provides the right mix of backgrounds, experience, skills, and knowledge to effectively operate these businesses. In April 2018, the Group appointed its first female Managing Director and the Management Boards also include a female HR Director.

Between them Directors have the appropriate qualifications, skills and experience to lead the business. Directors with Group service responsibilities such as HR, finance, technology, fleet, property, compliance, legal and sustainability have appropriate functional experience and qualifications. Directors with customer facing transport and warehousing operational responsibilities have relevant leadership and operational experience. Collectively, the Directors have a mix of experience from both within and outside of the transport sector.

Director and Shareholder objectivity is maintained by having a non-family Managing Director sitting on the Holdings company Board and by having non-family members on the trading company Management Boards. The Holdings company Board has two non-executive members, who are also family members. Regular board meetings are held, which are monthly in the case of the trading companies, with agendas and content circulated in advance.

The Management Boards hold periodic reviews of the effectiveness of their agenda and of their meetings.

In addition, the following committees support the work of the boards:

- Group Risk and Internal Audit Committee.
- Group Strategic H&S Committee.

Note that the Group does not have a Remuneration Committee due to a combination of its size and the existence of structured pay and salary grades and bandings

Advisors

See page 1.

Corporate Governance statement

The Group recognises the value of strong corporate governance and we are committed to this principle. The Group has adopted the Wates Principles as its corporate governance arrangements. We have applied them in the following way:

1. Purpose and Leadership

The Group purpose is to 'deliver visionary logistics to our customers' and is explained in more detail above on page 2. The Group's strategy, values and culture are aligned with the purpose.

2. Board Composition

See Board of Directors section above, this describes our approach in more detail.

3. Director Responsibilities

On page 13, Statement of Director's responsibilities, describes our approach to this in more detail.

4. Opportunity and Risk

The Group Risk and Internal Audit Committee provides oversight of our risk management approach. The Committee meets quarterly and comprises the following members:

- Managing Director (Chair)
- Group Legal, Risk and Sustainability Director
- Group Finance Director
- Director, Hayton Coulthard Transport
- Head of Risk

Strategic report continued

Corporate Governance continued

The committee's terms of reference are described more fully on page 6, Principal Risks and Uncertainties.

The Group seeks to create long-term value through growing the business by offering high quality services and securing long-term, profitable contracts with customers, whilst operating efficiently and cost-effectively to maintain a low cost base. Growth opportunities are either organic growth through new business opportunities or through acquisition. Acquisition decisions are made at Holdings company Board meetings and based on any acquisition meeting certain criteria. Organic growth opportunities are discussed at Management Board meetings on a monthly basis.

5. Remuneration

Our approach to remuneration is described in the next section, Remuneration Report.

6. Stakeholder Relationships and Engagement

The Group recognises the importance of engagement with the many different stakeholders that it has including with employees, employee's representatives, customers, suppliers, industry regulators and industry bodies. Our approach is more fully described on pages 7-8 in the Section 172 Statement section.

Remuneration report

Our aim is to pay in line with the market so we can recruit and retain individuals with the skills and experience necessary to deliver the Group's purpose and strategy. Where appropriate we consult with relevant employee representatives regarding pay and benefits.

The Group has adopted best practice when it comes to remuneration policy and approach. Pay is structured around a number of grades linked to roles and bands which support our hierarchy. This provides a framework to implement our reward and benefit strategy in a structured, fair and consistent way. Pay is reviewed annually and is periodically benchmarked against market wage and salary data.

Group performance, economic climate and market conditions are considered before finalising any pay review.

Our recruitment team constantly compare our pay rates to those offered by our competitors and we consult with local managers on local market conditions. For some specialist roles individual performance, skill and competency are considered as well as progression within role, changes to responsibilities and internal promotion.

Given the competitiveness of the driver recruitment market in particular, we regularly benchmark driver pay on a regional basis. We closely monitor driver turnover and vacancy numbers to give an early indication of changes in the market.

Remuneration for Board members and senior management is linked to overall Group performance which ensures alignment to a common Group financial objective.

All pay decisions are made in line with the Delegation of Authority, with any annual pay increase approved by the Management Board.

The Group reports on Gender Pay. The Group's gap is lower than the UK's average and whilst our sector is male dominated, we are proud to employ higher than the national average of female HGV drivers. We will continue to support women in this sector and implement appropriate strategies to further support this. Our pay structure incorporating grades and bands helps us to ensure fairness and lawfulness and avoid gender pay discrimination.

By order of the board



A M Butler

Director

21 March 2023

Directors' report

The directors submit their report and financial statements for the 52 week period ending 1 October 2022.

Results and dividends

The profit after taxation for the Group for the period was £11.2m (proforma 2021: £8.5m). Dividends equivalent of £4,065.10 per ordinary share were paid during the period (proforma 2021: £226.70 per ordinary share).

Financial Risk Management and Financial Instruments - Objectives and Policies

The Group's principal financial instruments comprise bank balances and facilities, trade debtors, trade creditors, bank loans, and finance lease agreements. The main purpose of these instruments is to raise funds for and finance the Group's operations.

The policies set by the Board of Directors are implemented by the Group's finance department.

Credit Risk

Exposure to credit risk is mitigated by the broad customer base and our credit control procedures, together with our customer credit rating review and approval process.

Market risk

Due to the broad customer base and the market within which the Group operates, the risk of a market downturn having a significant on the Group is low.

Liquidity Risk

The Group actively maintains a mixture of debt finance and cash reserves that is designed to ensure the Group has sufficient available funds to meet its liabilities when due, under both normal and stressed conditions, ensuring funds are available for ongoing operations and planned growth.

Directors

The directors who served during the period are those listed on page 1.

Carbon Energy Reporting

The company has taken exemption from disclosing information under the Streamlined Energy and Carbon Reporting requirements.

Exemption has been taken as the company is a subsidiary of Gregory Distribution (Holdings) Limited. Information in relation to the company is reported within the Group Report of Gregory Distribution (Holdings) Limited, which has the same financial period as the company.

People

Our Group is a responsible employer, providing stability of employment across the UK. Our operational model is based on permanent employment which ensures we offer our employees all the rights and obligations they are entitled to but also carefully considering flexibility so we accommodate a wide range of shift patterns.

We also employ a number of casual employees where the flexibility of casual work suits both the employee and the operation. We work with a number of agencies to supply temporary labour and carefully identify when any requirement becomes a permanent requirement.

We target a diverse and inclusive workforce which we believe will help to address the skills shortage in our industry. As part of this we support flexible working and making reasonable adjustments where appropriate.

The Group invests a great deal in its people by supporting learning and development. For over five years we have committed to delivering Apprenticeships. The Group has built a number of partnerships with local providers which enable us to deliver a wide range of Apprenticeships which include driving, management and business administration. We have an in-house operational training team which has been an accredited Driver Certificate of Professional Competence (DCPC) Training Centre since 2009 and has continued to deliver excellent quality DCPC.

Directors' report

People continued

The Group continues to embed an engagement culture with its employees. We believe enhanced meaningful engagement will have a number of positive benefits for our business which includes enhancing our ability to retain our employees. Average employee turnover in our industry is extremely high so it remains an important focus to safeguard our business. Each area of the business engages with our employees through clear and appropriate two way communication, including employee briefings, information cascades, employee forums, health & safety committees and newsletters.

This engagement is complemented by our annual performance and development review process which provides an opportunity for managers and their people to engage together, giving and receiving feedback about performance and contribution. Once complete the Management Board conducts a talent and succession plan review to identify any additional training and support for our employees. This level of engagement and support ensures that our people are equipped with the right skills and experience needed to reach their potential both within their existing role and as they progress their careers within the business.

Employment of Disabled Persons

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be fulfilled by a disabled person with or without reasonable adjustments. Our Equal Opportunity policy supports this consideration by explaining the company will not tolerate unlawful discrimination. The company takes all reasonable steps to employ, train and promote employees on the basis of their experience, abilities and qualification without regard to disability (or age, gender reassignment, marriage or civil partnership, religion or belief, sex or sexual orientation).

Details of the number of employees and related costs can be found in note 7 to the financial statements on pages 30-31.

Political donations

No member of the group made any political donations during the period.

Directors' statement as to disclosure of information to auditors

Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group'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.

By order of the board



A M Butler

Director

21 March 2023

Statement of directors' responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

Independent auditors' report

to the members of Gregory Distribution Trading Ltd
Period ended 1 October 2022

Opinion

We have audited the financial statements of Gregory Distribution Trading Ltd (the 'parent company') and its subsidiaries (the 'Group') for the period ended 1 October 2022, which comprise the Group profit and loss account, Group balance sheet, Parent company balance Sheet, Group statement of changes in equity, Parent company statement of changes in equity, Group cash flow statement, and Notes to the accounts, 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 Group's and the parent company's affairs as at 1 October 2022 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 Group's ability to continue as a going concern for a period of at least twelve months from when the original 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.

Independent auditors' report

to the members of Gregory Distribution Trading Ltd (continued)
Period ended 1 October 2022

Other information (continued)

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page 13 directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditors' report

to the members of Gregory Distribution Trading Ltd (continued)
Period ended 1 October 2022

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.

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:

As part of our audit planning, we gained an understanding of the Group and the industry in which the Group operates as part of this assessment to identify the key laws and regulations affecting the group. The key regulations we identified were General Health and Safety Legislation (HSE), driving time regulations, General Data Protection Regulations, Trade union regulations and employment law. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and relevant tax legislation.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the Group complies with laws and regulations and deals with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the Group's ability to continue trading and the risk of material misstatement to the accounts.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to the overstatement of profit, either through overstating revenue, understating expenditure or management bias in accounting estimates.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries, we also discussed with management whether there have been any known instances of fraud, of which there were none;
- Discussed with the health and safety manager the policies and procedures in place in relation to health and safety. We reviewed the health and safety policy of the Group, internal health and safety risk audit assessments carried out and health and safety committee meeting minutes maintained by the Group;
- Reviewed the GDPR policy and made enquiries to management as to the occurrence and outcome of any reportable breaches;
- Reviewed minutes of trade unions quarterly meetings to ensure there were no breaches to the regulations;
- Discussed the Group's compliance with the Driving Time Regulations for HGV drivers and reviewed correspondence with the regulatory body.
- Discussed the Group's controls around Employment law with the Employment Law officer.
- Examined legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance;

Independent auditors' report

to the members of Gregory Distribution Trading Ltd (continued)

Period ended 1 October 2022

Auditor's responsibilities for the audit of the financial statements continued

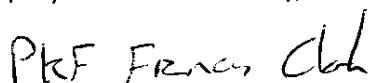
- Reviewed draft tax computations;
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates; and
- Reviewed 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. This risk increases the further removed non-compliance with laws and regulations from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. 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, collusion, omission or misrepresentation.

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

Use of our report

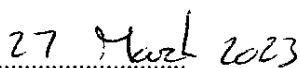
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other 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.



.....
Glenn Nicol (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Centenary House
Peninsula Park
Rydon Lane
Exeter
Devon
EX2 7XE

Date:



Group profit and loss account

for the period ended 1 October 2022

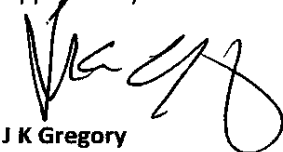
	Notes	52 week period ended 1 October 2022 £'000	Proforma (see Note 2) 52 week period ended 2 October 2021 £'000
Turnover	3	335,624	273,431
Cost of sales		(290,345)	(235,971)
Gross profit		45,279	37,460
Administrative expenses		(31,766)	(26,341)
Other operating income	4	371	795
Group operating profit	5	13,884	11,914
Share of operating profit in joint venture		696	627
Total operating profit: Group and share of joint venture		14,580	12,541
Profit on ordinary activities before investment income, fair value movement, interest and taxation		14,580	12,541
Dividend income from investments		26	8
Gain on financial assets at fair value through profit and loss		102	32
Interest payable and similar charges	8	(2,281)	(1,242)
Profit on ordinary activities before taxation		12,427	11,339
Tax on profit on ordinary activities	9	(1,186)	(2,866)
Profit for the financial period		11,241	8,473
Profit for the financial period			
Group		10,747	8,238
Joint venture (net of dividends received)		494	235
Profit attributable to shareholders		11,241	8,473

Group balance sheet

at 1 October 2022

		1 October 2022	Proforma (see Note 2) 2 October 2021
	Notes	£'000	£'000
Fixed Assets			
Intangible assets	10	1,182	1,317
Tangible assets	11	77,088	94,019
Investments	12		
Investment in joint venture		2,499	2,005
Other investments		718	616
		3,217	2,621
		81,487	97,957
Current assets			
Stocks	13	1,302	993
Debtors	14	70,046	68,677
Cash at bank and in hand		14,256	4,689
		85,604	74,359
Creditors: amounts falling due within one year	15	(81,593)	(66,119)
Net current assets		4,011	8,240
Total assets less current liabilities		85,498	106,197
Creditors: amounts falling due after more than one year	16	(37,306)	(30,193)
Provisions for liabilities – deferred tax	9	(5,359)	(3,757)
Net assets		42,833	72,247
Capital and reserves			
Called up share capital	19	10	-
Other reserve	19	-	23,140
Profit and loss account		42,823	49,107
Shareholders' funds		42,833	72,247

Approved by the board and signed on its behalf by



J K Gregory

Director

21 March 2023

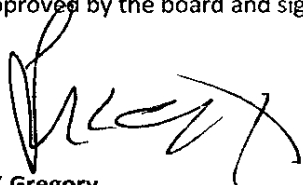
Parent company balance sheet

at 1 October 2022

	Notes	1 October 2022 £'000
Fixed Assets		
Investments	12	23,692
		23,692
Creditors: amounts falling due within one year	15	(7)
Net current liabilities		(7)
Total assets less current liabilities		23,685
Net assets		23,685
Capital and reserves		
Called up share capital	19	10
Profit and loss account		23,675
Shareholders' funds		23,685

The company made a profit after tax of £30,134,000.

Approved by the board and signed on its behalf by



J K Gregory

Director

21 March 2023

Group statement of changes in equity

at 1 October 2022

	Note	Equity share capital £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
At 3 October 2021		-	23,140	49,107	72,247
Profit for the period		-	-	11,241	11,241
Total comprehensive income for the period		-	-	11,241	11,241
Dividends paid		-	-	(40,655)	(40,655)
Group reorganisation	19	23,140	(23,140)	-	-
Share capital reduction	19	(23,130)	-	23,130	-
At 1 October 2022		10	-	42,823	42,833

		Equity share capital £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
Proforma – see Note 2					
At 4 October 2020	19	-	23,140	43,138	66,278
Profit for the period		-	-	8,236	8,236
Total comprehensive income for the period		-	-	8,236	8,236
Dividends paid		-	-	(2,267)	(2,267)
At 2 October 2021		-	23,140	49,107	72,247

Parent company statement of changes in equity

at 1 October 2022

	Note	Equity share capital £'000	Retained earnings £'000	Total equity £'000
At 2 October 2021		-	-	-
Profit for the period		-	30,134	30,134
Total comprehensive profit for the period		-	30,134	30,134
Issue of Shares on Incorporation		-	-	-
Allotment of shares	19	23,140	-	23,140
Share capital reduction	19	(23,130)	23,130	-
Dividends paid		-	(29,589)	(29,589)
At 1 October 2022		10	23,675	23,675

Group cash flow statement

For the period ended 1 October 2022

	52 week period ended 1 October 2022 £'000	Proforma (see Note 2) 52 week period ended 2 October 2021 £'000
Cash flows from operating activities		
Profit for the period	11,241	8,473
Adjustment for non-cash items		
Depreciation and amortisation charges	17,715	14,230
Profit on sale of fixed assets	(2,772)	(704)
Share of profit in joint venture	(736)	(472)
Income from investments	(26)	(8)
Gain on financial assets at fair value through profit or loss	(102)	(32)
Finance costs	2,281	1,196
Tax income expense	1,186	2,866
	28,787	23,160
Working capital adjustments		
Increase in stock	(309)	(155)
Increase in debtors	(455)	(14,984)
Increase/(decrease) in creditors	4,853	(8,421)
Cash generated from/(utilised in) operations	32,877	(400)
Tax paid	(501)	(2,870)
Net cash flow from operating activities	32,376	(3,270)
Cash flows from investing activities		
Income from investments	26	8
Acquisitions of tangible assets	(9,671)	(2,083)
Acquisition of subsidiary undertaking	-	(5,413)
Proceeds from sale of tangible assets	35,226	783
Dividends from joint venture	243	237
Net cash flow from investing activities	25,824	(6,468)
Cash flows from financing activities		
Interest paid	(2,281)	(1,193)
Dividends paid	(40,655)	(2,267)
New loans	18,605	5,772
Repayment of loans	(9,360)	-
Payments to finance lease creditors	(14,942)	(14,282)
Net cash flow from financing activities	(48,633)	(5,050)
Net increase/(decrease) in cash and cash equivalents	9,567	(14,788)
Cash and cash equivalents at 2 October 2021	4,689	19,477
Cash and cash equivalents at 1 October 2022	14,256	4,689

Notes to the financial statements

at 1 October 2022

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 given on page 1.

The address of its principal place of business is:

North Park

North Tawton

EX20 2EB

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

The Group's financial statements have been prepared in accordance with FRS 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland. There are no material departures from FRS 102.

Basis of preparation

The financial statements have been prepared under the historical cost convention except that, as disclosed in the accounting policies, certain items are shown at fair value, and are prepared in accordance with applicable accounting standards.

The functional currency of the Group is considered to be pounds sterling because this is the currency of the economic environment in which the Group operates.

The financial statements are presented in round thousands.

Merger accounting and basis of consolidation

A group reconstruction which complies with the criteria set out in section 19.27 of FRS102, was undertaken on 30 September 2022 whereby the owner (Gregory Distribution Holdings Limited) of Gregory Distribution Limited, ARRC Holdings Limited and Pollock Holdings Limited exchanged their shares in these entities for 23,139,890 £1 ordinary shares in Gregory Distribution Trading Ltd, which represented the book value of these investments was. At the same point in time, Gregory Distribution (Holdings) Limited also transferred their interest in the joint venture Hayton Coulthard Transport Limited to Gregory Distribution Trading Ltd for book value. As a result, these financial statements have been prepared under merger accounting principles as if the group had existed for both the current and previous financial periods. The comparatives in the group financial statements, including the notes to the financial statements, are proforma comparatives (and have been labelled as such) based on the group results for the 52 week period to 2 October 2021. The current period within the group financial statements represents the period from 3 October 2021 to 1 October 2022.

The financial period end for the company has been changed to align with that of the rest of the group.

Notes to the financial statements

at 1 October 2022

2 Accounting policies continued

Going concern

The financial statements have been prepared on a going concern basis. The directors have assessed the cash balances, the financial facilities available to the Group, forecasts and budgets for the next 12 months from approval of the financial statements and the trading performance since the balance sheet date. The directors have assumed facilities subject to regular review or repayable on demand will continue to be available. The directors have performed sensitivity analysis on forecasts across a number of different scenarios and have concluded the cash balances held and the current financial facilities available are sufficient that there are no material uncertainties surrounding the going concern status of the Group.

Reporting exemptions

Gregory Distribution Trading Ltd meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its individual financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement, certain disclosure requirements in relation to basic and non-basic financial instruments, and disclosure of remuneration of key management personnel. Equivalent information is presented on a Group basis.

Judgements and estimation uncertainty

The directors have considered the judgements and estimation uncertainties included in these financial statements and the accounting policies applied and concluded that these do not have a significant effect on the amounts recognised in the financial statements or in the case of estimates lead to a risk of causing a material misstatement of the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue in respect of transport is recognised on delivery of goods. Revenue in respect of warehousing is recognised on a daily basis.

Dividends

Revenue is recognised when the Group's right to receive payment is established.

Government grants

During the prior year the Group recognised Coronavirus Job Retention Scheme ("CJRS") grant income from the Government designed to mitigate the impact of COVID-19. The Group elected to account for such grants under the accounts model as permitted by FRS102. Grants of a revenue nature are recognised in 'other income' within profit or loss in the same period as the related expenditure.

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the asset to which they relate.

Notes to the financial statements

at 1 October 2022

2 Accounting policies continued

Intangible fixed assets

Intangible fixed assets comprise customer contracts acquired as part of a business combination. They are measured at fair value at the acquisition date and are amortised over a period of up to 5 years.

Tangible fixed assets and depreciation

All tangible fixed assets are initially recorded at cost. Tangible fixed assets, other than freehold land, classic motor vehicles and assets in the course of construction, are depreciated straight line over their estimated useful lives, after deducting residual values, at the following rates:

Freehold building	50 years
Leasehold improvements	over the shorter of the life of the lease and the estimated useful lives
Warehouse and garage equipment	5 – 10 years
Depot equipment	7 – 10 years
Motor vehicles, excluding cars	3½ – 7 years
Trailers	10 – 12½ years
Cars	3 – 5 years
Office equipment	3 – 5 years

Other investments

Other investments are initially measured at fair value (which is normally the transaction price excluding transaction costs), and subsequently measured at fair value through profit or loss.

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable properties determined annually by external valuers or directors' valuations. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Stock and work in progress

Stock represents consumable stock and is stated at cost using a weighted average purchase price.

Notes to the financial statements

at 1 October 2022

2 Accounting policies continued

Deferred taxation

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS 102.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group and hire purchase contracts are capitalised in the balance sheet and depreciated over the shorter of the lease term and the assets useful lives. The capital elements of future obligations under the lease and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental are charged in the profit and loss account over the primary period of the lease in proportion to the capital element outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

Retirement benefits for certain directors and employees are provided by money-purchase schemes which are funded by contributions from the Group. Contributions are charged against profits for the period in which they are paid.

Financial instruments

Financial instruments are accounted for using the provisions of sections 11 and 12 of FRS 102.

Classification

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the Group's obligations are discharged, expire or are cancelled.

The Group holds the following financial instruments:

- Other investments;
- Short term trade and other debtors and creditors;
- Long term loan creditors;
- Bank borrowings;
- Preference share liabilities; and
- Amounts owed to/from Group undertakings

Notes to the financial statements

at 1 October 2022

2 Accounting policies continued

Financial instruments continued

Recognition and measurement

Basic financial assets and liabilities:

Basic financial assets comprise short term trade and other debtors and cash and bank balances, including short term loans.

Basic financial liabilities comprise short term trade and other creditors including short term loans.

Such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Long term loan creditors – long term loan creditors are initially recorded at transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

Bank borrowings – interest-bearing bank borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing bank 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 charged to the profit and loss account over the period of the relevant borrowing.

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

Financial liabilities and equity instruments – financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the net assets of the Group.

Amounts owed to/from Group undertakings: Balances that arise from trading with Group undertakings are classified as due within one year. They are initially measured at transaction price and are subsequently measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Balances that arise from funding transactions with Group companies are classified as due in greater than one year and are initially recorded at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Notes to the financial statements

at 1 October 2022

3 Analysis of Turnover

Turnover, which is stated net of value added tax, is attributable to the Group's principal continuing activity of distribution contracting, including both warehousing and transport carried out in the United Kingdom.

	52 week period ended 1 October 2022 £'000	Proforma 52 week period ended 2 October 2021 £'000
Area of activity		
Transport and distribution	308,758	254,033
Warehousing	26,866	19,398
Group turnover	335,624	273,431

4 Other operating income

The analysis of the Group's other operating income for the period is as follows:

	52 week period ended 1 October 2022 £'000	Proforma 52 week period ended 2 October 2021 £'000
Rent receivable	137	307
Government grant income	-	488
Other income	234	-
	371	795

Notes to the financial statements

at 1 October 2022

5 Group operating profit

This is stated after charging/(crediting)

	52 week period ended 1 October 2022 £'000	Proforma 52 week period ended 2 October 2021 £'000
Depreciation	17,580	14,903
Amortisation	135	199
Operating lease rentals	16,013	12,001
Profit on disposal of tangible fixed assets	(2,772)	(703)
Auditor's remuneration (note 6)	101	85

6 Auditors' remuneration

The remuneration of the auditors is further analysed as follows:

	52 week period ended 1 October 2022 £'000	Proforma 52 week period ended 2 October 2021 £'000
Group auditors		
Audit of the parent and consolidated accounts	79	66
Other fees to auditors – taxation compliance	22	19
Charged to the profit and loss account (note 5)	101	85

7 Staff costs

	52 week period ended 1 October 2022 No.	Proforma 52 week period ended 2 October 2021 No.
Average number employed in the period		
Administration	509	402
Other	2,483	1,933
	2,992	2,335

Notes to the financial statements

at 1 October 2022

7 Staff costs continued

	52 week period ended 1 October 2022 £'000	Proforma 52 week period ended 2 October 2021 £'000
Aggregate amounts paid in respect of		
Wages and salaries (excluding directors' emoluments)	99,301	75,561
Directors' remuneration	443	460
Social security costs	10,092	7,286
Other pension costs (excluding directors)	2,472	1,888
Other pension costs (directors)	-	8
	112,308	85,203

Directors also received benefits in kind to the value of £2,000 (proforma 2021: £8,000).

None of the directors are in receipt of defined contribution pensions. Directors' emoluments (including benefits in kind) in respect of the highest paid director are £241,000 (proforma 2021: £241,000). In addition, an amount of £nil (proforma 2021: £8,000) was paid in respect of pension contributions.

8 Interest payable

The analysis of the Group's other operating income for the period is as follows:

	52 week period ended 1 October 2022 £'000	Proforma 52 week period ended 2 October 2021 £'000
On bank loans and overdrafts	792	106
Redeemable preference shares	42	-
Interest on finance leases and hire purchase contracts	1,411	1,086
Other interest	-	30
	2,245	1,222
Share of joint venture's interest	36	20
	2,281	1,242

Notes to the financial statements

at 1 October 2022

9 Taxation

Tax on profit on ordinary activities

	52 week period ended 1 October 2022 £'000	Proforma 52 week period ended 2 October 2021 £'000
The taxation charge based on the results for the period is made up as follows		
UK corporation tax	-	818
Group relief receivable	(23)	64
Adjustments in respect of previous periods	(558)	-
Group current tax	(581)	882
Share of joint venture's current tax	(134)	134
Total current tax	(715)	1,016
Deferred tax		
Originating and reversal of timing differences	1,291	1,877
Adjustments in respect of previous periods	(97)	(2)
Effect of changes in tax rates	408	(26)
Group deferred tax	1,602	1,849
Share of joint venture's deferred tax	299	1
Total deferred tax	1,901	1,850
Tax on profit on ordinary activities	1,186	2,866

Notes to the financial statements

at 1 October 2022

9 Taxation continued

The tax assessed on the profit on ordinary activities for the period is different from the standard rate of corporation tax in the UK. The differences are explained below:

	52 week period ended 1 October 2022 £'000	Proforma 52 week period ended 2 October 2021 £'000
Profit on ordinary activities before taxation	12,427	11,339
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2021: 19.0%)	2,361	2,154
Effect of		
Disallowed expenses and non-taxable income	30	25
Fixed asset differences	(1,555)	(191)
Chargeable gains	(144)	-
Change in deferred tax rates	480	886
Adjustments in respect of previous years	(788)	1
Income not taxable for tax purposes	41	(10)
Losses carried back	737	-
Amortisation of goodwill	33	-
Others	(9)	1
Current tax charge for the period	1,186	2,866

Deferred tax

Group

The deferred tax included in the balance sheet is as follows:

	2022 £'000	Proforma 2021 £'000
Included in provisions for liabilities	(5,359)	(3,757)
Accelerated capital allowances	(5,359)	(3,757)
Deferred tax	(5,359)	(3,757)

	2022 £'000
Proforma	
At 2 October 2021	(3,757)
Deferred tax charged in profit and loss account	(1,602)
At 1 October 2022	(5,359)

Notes to the financial statements

at 1 October 2022

10 Intangible fixed assets

Group	Customer contracts £'000	Development costs £'000	Goodwill £'000	Total £'000
Cost				
At 2 October 2021 - Proforma	1,991	182	1,608	3,781
Additions	-	-	-	-
At 1 October 2022	1,991	182	1,608	3,781
Amortisation				
At 2 October 2021 - Proforma	1,991	182	291	2,464
Provided during the period	-	-	135	135
At 1 October 2022	1,991	182	426	2,599
Net book value				
At 1 October 2022	-	-	1,182	1,182
At 2 October 2021 – Proforma	-	-	1,317	1,317

Notes to the financial statements

at 1 October 2022

11 Tangible fixed assets

Group	Freehold land and buildings £'000	Leasehold improve- ments £'000	Motor Vehicles £'000	Wareho- use and garage equip- ment £'000	Fixtures, fittings and office equip- ment £'000	Assets in the course of cons- truction £'000	Total £'000
Cost							
At 2 October 2021 – Proforma	38,458	973	107,874	10,469	10,280	843	168,897
Additions	4,544	10	22,080	228	17	6,222	33,101
Reclassification	(5,068)	1,686	879	7,390	1,625	(6,512)	-
Disposals	(35,940)	-	(14,354)	(4,105)	(1,122)	-	(55,521)
At 1 October 2022	1,994	2,669	116,479	13,982	10,800	553	146,477
Depreciation							
At 2 October 2021 – Proforma	8,412	311	55,408	4,907	5,840	-	74,878
Charge for the period	536	128	14,581	1,291	1,044	-	17,580
Reclassification	(186)	186	-	-	-	-	-
Eliminated on disposals	(8,553)	-	(13,205)	(190)	(1,121)	-	(23,069)
At 1 October 2022	209	625	56,784	6,008	5,763	-	69,389
Net book amounts							
At 1 October 2022	1,785	2,044	59,695	7,974	5,037	553	77,088
At 2 October 2021 - Proforma	30,046	662	52,466	5,562	4,440	843	94,019

Freehold land and buildings include land at cost at 1 October 2022 of £786,000 (proforma 2021: £7,522,000) which is not depreciated.

Included in the total net book value of tangible assets is £59,923,000 (proforma 2021: £51,050,000) in respect of assets acquired under finance leases and hire purchase contracts.

Notes to the financial statements

at 1 October 2022

12 Investments

Group	2022 £'000	Proforma 2021 £'000
Joint venture (a)	2,499	2,005
Other fixed asset investments (b)	718	616
	3,217	2,621
(a) Joint Venture		£'000
Proforma		
At 2 October 2021		2,005
Share of profit retained by joint venture (after dividends received)		494
At 1 October 2022		2,499

Additional disclosures in respect of the 50% investment in Hayton Coulthard Transport Limited, are as follows (showing 50% share of Hayton Coulthard Limited's assets, liabilities and results):

	2022 £'000	Proforma 2021 £'000
Fixed Assets	1,997	1,033
Current Assets	5,026	3,620
Share of gross assets	7,023	4,653
Liabilities due within one year	2,892	2,332
Liabilities due after more than one year	1,632	416
Share of gross liabilities	4,524	2,648
Share of net assets	2,499	2,005
	2022 £'000	2021 £'000
Turnover	13,285	11,026
Profit before tax	902	607
Taxation	(165)	(135)
Profit after tax	737	472

Notes to the financial statements

at 1 October 2022

12 Investments continued

Group

(b) Other fixed asset investments	Unlisted £'000
Cost	
Proforma	
At 2 October 2021	616
Fair value adjustment through profit or loss	102
At 1 October 2022	718
Amounts provided	
Proforma	
At 2 October 2021 and 1 October 2022	-
Net book value	
At 1 October 2022	718
Proforma	
At 2 October 2021	616

Parent Company

	Subsidiary undertakings £'000	Joint Venture £'000	Total £'000
Cost			
Additions	23,140	552	23,692
At 1 October 2022	23,140	552	23,692
Amounts provided			
At 1 October 2022	-	-	-
Net book value			
At 1 October 2022	23,140	552	23,692

Notes to the financial statements

at 1 October 2022

12 Investments continued

Details of the investments in which the Group and the parent company holds the nominal value of any class of share capital during the period are as follows:

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
Gregory Distribution Limited	England	Ordinary Shares	100%	Road transport, distribution and warehousing
ARRC Holdings Limited	Scotland	Ordinary Shares	100%	Holding company
ARR Craib Transport Limited	Scotland	Ordinary Shares*	100%	Road transport and distribution
ARR Craib Transport (NEE) Limited	Scotland	Ordinary Shares*	100%	Dormant company
Pollock Holdings Limited	Scotland	Ordinary Shares	100%	Holding company
Pollock (Scotrans) Limited	Scotland	Ordinary Shares**	100%	Road transport and distribution
Pollock Express Limited	Scotland	Ordinary Shares**	100%	Road transport and distribution
Joint Venture				
Hayton Coulthard Transport Limited	Scotland	'B' Ordinary Shares	50%	Road transport, distribution and warehousing

* Held indirectly via ARRC Holdings Limited

** Held indirectly via Pollock Holdings Limited.

The registered office for all of the above subsidiary undertakings is Senate Court, Southernhay Gardens, Exeter, Devon, EX1 1NT, except ARRC Holdings Limited, ARR Craib Transport Limited and ARR Craib Transport (NEE) Limited whose registered office is Howe Moss Drive, Kirkhill Industrial Estate, Dyce, Aberdeen, AB21 0GL, and Pollock Holdings Limited, Pollock (Scotrans) Limited and Pollock Express Limited whose registered office is 10 Blackburn Road, Bathgate, West Lothian, EH48 2EY.

During the period Gregory Distribution Trading Ltd ("GDT") underwent a share for share exchange with Gregory Distribution (Holdings) Limited ("GDH"), whereby GDT issued 23,139,890 £1 shares to GDH in exchange for the investments GDH held in ARRC Holdings Limited, Gregory Distribution Limited and Pollock Holdings Limited, as part of a group reconstruction. The investment in the company now represents these investments. The company also acquired the GDH 50% interest in Hayton Coulthard Transport Limited for book value.

Notes to the financial statements

at 1 October 2022

12 Investments continued

The Group has taken advantage of its entitlement under s479A Companies Act 2006 to exempt the following subsidiaries from the audit of their financial statements:

Name of company	Registration number
Gregory Distribution Limited	01329163
ARRC Holdings Limited	SC334405
ARR Craib Transport Limited	SC075026
Pollock Holdings Limited	SC516446
Pollock (Scotrans) Limited	SC053751
Pollock Express Limited	SC171663

The parent company (Gregory Distribution Trading Ltd) has accordingly guaranteed the debts of the above subsidiaries as at 1 October 2022.

13 Stock

Group	2022 £'000	Proforma 2021 £'000
Consumables	1,302	993

14 Debtors

	Group 2022 £'000	Proforma 2021 £'000	Parent Company 2022 £'000
Trade debtors	48,247	40,543	-
Other debtors	1,022	532	-
Amounts owed by group undertakings	-	7,526	-
Corporation tax receivable	1,284	368	-
Prepayments and accrued income	19,493	19,708	-
	70,046	68,677	-

Group

An impairment loss of £34,000 (proforma 2021: £215,000) was recognised against trade debtors during the period.

Notes to the financial statements

at 1 October 2022

15 Creditors: amounts falling due within one year

	Group	Proforma	Parent Company
	2022	2021	2022
	£'000	£'000	£'000
Bank loans and overdrafts	18,606	8,652	-
Obligations under finance leases and hire purchase contracts (note 18)	13,109	12,442	-
Trade creditors	20,357	17,263	-
Amounts owed to Group undertakings	1,395	-	-
Other tax and social security	9,113	8,817	-
Other creditors	144	185	-
Accruals and deferred income	18,869	18,760	7
	81,593	66,119	7

Bank loans and overdrafts consist of a Term Loan and Revolving Credit Facility which expires in September 2025. The group also utilise other funding arrangements which, are subject to regular review. Interest rates charged range, across all facilities, from 1.275% plus Bank of England Base Rate to 2.60% plus Bank of England SONIA Rate. Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

During the year, the group undertook a bank refinancing. This led to the repayment of facilities from the prior year, and new facilities being opened as detailed above. New facilities were opened in other group companies, not the parent company.

16 Creditors: amounts falling due after more than one year

Group	Proforma
2022	2021
£'000	£'000
Loans	708
Obligations under finance leases and hire purchase contracts (note 18)	29,485
37,306	30,193

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

Notes to the financial statements

at 1 October 2022

17 Obligations under leases and hire purchase contracts

Finance leases

Group	2022 £'000	Proforma 2021 £'000
Obligations under finance leases and hire purchase contracts are due as follows		
Within one year	13,109	12,442
Between two and five years	32,389	26,880
After five years	4,917	2,605
	50,415	41,927

Operating Leases

Group The total of future minimum lease payments under non-cancellable leases are as follows:

	Land and buildings	Other	Land and buildings Proforma	Other Proforma
	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Within one year	7,135	6,237	3,582	4,399
In two to five years	27,096	10,160	12,861	9,401
In over five years	25,053	256	10,356	363
	59,284	16,653	26,799	14,163

Notes to the financial statements

at 1 October 2022

18 Financial Instruments

Group

The carrying value of the Group's financial assets and liabilities are summarised by category below:

	2022	Proforma 2021
	£'000	£'000
Financial assets		
Measured at fair value through profit or loss		
Fixed asset other investments (note 12b)	718	616
Measured at amortised cost		
Trade and other debtors (note 14)	49,269	41,075
Financial liabilities		
Measured at amortised cost		
Loans payable (notes 15 and 16)	18,606	9,360
Trade and other creditors (note 15)	29,614	26,265
	48,220	35,625

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2022	Proforma 2021
	£'000	£'000
Interest expense		
Total interest expense for financial liabilities at amortised cost	834	106
Fair value gains and losses		
On financial assets measured at fair value through profit or loss	102	32

Notes to the financial statements

at 1 October 2022

19 Share capital

Parent company

Allotted, called-up and fully paid	2022 £'000
10,001 Ordinary shares of £1 each	10

The company was incorporated on 22 July 2022 with £1 of ordinary shares. As described within Note 13, the company issued 23,139,890 £1 ordinary shares to Gregory Distribution (Holdings) Limited on 30 September 2022 in exchange for their investments held in certain of their subsidiary undertakings. Subsequently on the 30 September 2022, the company performed a capital reduction to reduce the ordinary share capital down to 10,000 £1 ordinary shares. As a result, £23,129,891 has been transferred into retained earnings and forms part of distributable reserves. In the comparative consolidated proforma balance sheet, this has been treated as an other reserve.

20 Financial commitments

Capital commitments

Amounts contracted for but not provided in the accounts amounted to £19,875,000 (proforma 2021: £23,603,000) for the Group and £nil (proforma 2021: £nil) for the parent company.

21 Contingent liabilities

A cross guarantee for all accounts held with HSBC UK Bank plc between Gregory Distribution Trading Ltd, Gregory Distribution Limited, ARRC Holdings Limited, ARR Craib Transport Limited, ARR Craib Transport (NEE) Limited, Pollock Holdings Limited, Pollock (Scotrans) Limited and Pollock Express Limited began on 30 September 2022. The borrowing covered by this guarantee at the period end was £18,606,000 (proforma 2021: £nil).

A cross guarantee for all accounts held with Lloyds Bank plc between Gregory Distribution Limited, Gregory Distribution (Holdings) Limited, Gregory Distribution (Contracts) Limited, Kay Transport Limited and Kay Transport Holdings Limited ended on 30 September 2022. The borrowing covered by this guarantee at the period end was £nil (proforma 2021: £16,150,000). An additional cross guarantee for a funding arrangement between Gregory Distribution Limited and ARR Craib Transport Limited ended on 30 September 2022 with borrowing covered of £nil at the end of the period (proforma 2021: £23,500,000).

Notes to the financial statements

at 1 October 2022

22 Analysis of net debt

	Proforma At 2 October 2021 £'000	Cash flow £'000	Other £'000	At 1 October 2022 £'000
Cash at bank and in hand	4,689	9,567	-	14,256
Loans and bank overdrafts	(9,360)	(9,246)	-	(18,606)
Finance leases	(41,927)	14,944	(23,432)	(50,415)
Net debt	(46,598)	15,265	(23,432)	(54,765)

During the period, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception date of the lease of £23,432,000 (proforma 2021: £12,004,000). £nil (proforma 2021: £3,588,000) of loans and overdrafts were acquired with a subsidiary during the period. £nil (proforma 2021: £5,782,000) of finance lease arrangements were acquired with a subsidiary during the period.

23 Pension commitments

The Group operates a defined contribution scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The unpaid contributions outstanding at the period end, included in accruals (note 16) are £733,000 (proforma 2021: £529,000).

24 Related party transactions

Group

Key management personnel

Key management personnel compensation comprises directors' remuneration only which is disclosed in note 7.

Transactions with entities under common directorship and joint control

Transactions entered into, and trading balances outstanding at 1 October 2022 and 2 October 2021 with entities under common directorship and joint control, are as follows:

Related party	Sales to related party (including recharges) £'000	Purchases from related party (including recharges) £'000	Amounts owed from related party £'000	Amounts owed to related party £'000
Joint venture				
2022	4,029	5,593	405	48
Proforma				
2021	3,177	4,405	1,365	1,582

Parent company

The company has taken advantage of the exemption in FRS 102 not to disclose transactions with wholly owned subsidiaries.

Notes to the financial statements

at 1 October 2022

25 Ultimate controlling party

The ultimate controlling party is J K Gregory, a director and controlling shareholder of Gregory Distribution (Holdings) Limited. The company's parent undertaking and the parent of the smallest group of which the company is a member, is Gregory Distribution Trading Ltd. The company's ultimate parent undertaking and the parent of the largest group of which the company is a member, is Gregory Distribution (Holdings) Limited. The accounts of the ultimate parent company are available from Companies House, Crown Way, Cardiff CF14 3UZ.