Gregory Distribution (Holdings) Limited

Report and Accounts

for the 52 week period ended 2 October 2021

Registered No: 06891444

Directors

A M Butler
I K Gregory
J K Gregory
S H Gregory
T J Gregory
W J Gregory

Secretary

Foot Anstey Secretarial Limited

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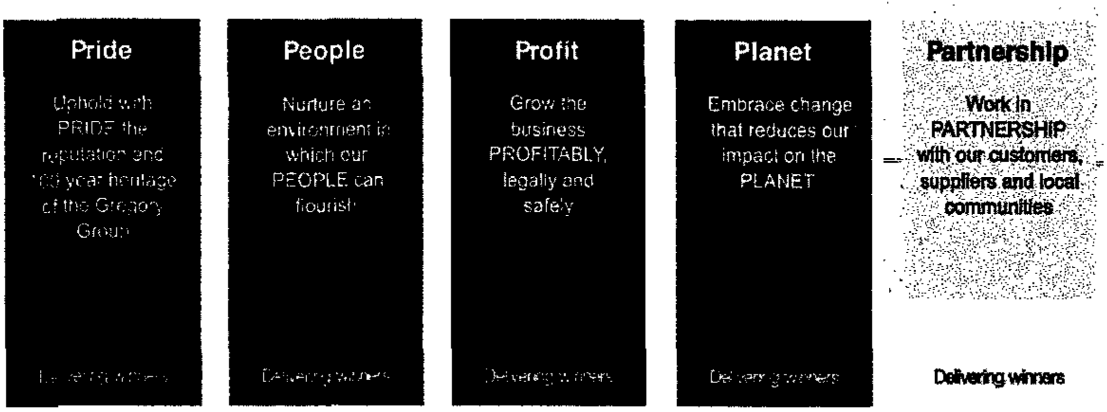
Strategic report

The directors present their strategic report for the period ended 2 October 2021.

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 Way' and our updated strategy was launched at our November 2020 Management Conference. These have been the subject of an internal communications roll-out through 2021 to ensure all employees are familiar with them. We continue to use employee forums and employee engagement surveys will be used to gauge the level to which these are embedded within the business.

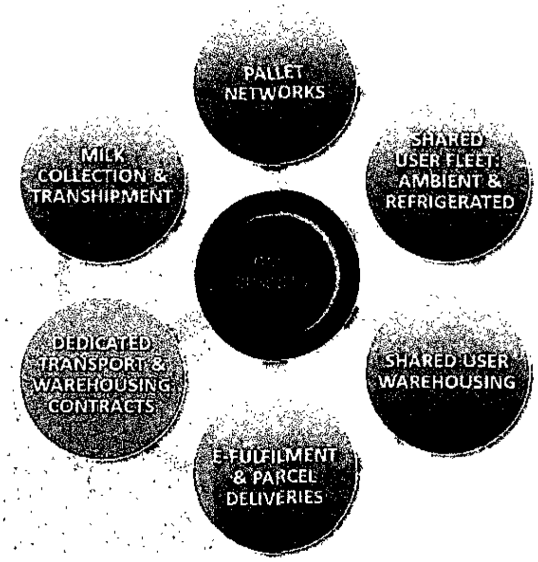
Key Performance Indicators and other business measures

	52 week period ended 2 October 2021 £'000	53 week period ended 3 October 2020 £'000
Turnover	**£273,431**	£238,299
Profit before tax	**£11,032**	£11,004
Net Assets	**£60,689**	£54,806
EBIT	**£12,541**	£12,554
EBITDA	**£28,245**	£27,437
Operating Profit/Turnover	**4.6%**	5.2%

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 nearly 5.4 million litres of milk a day from over 900 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 1,200,000 square feet of ambient and temperature controlled warehouse space across the UK, the Group stores over 100,000 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 2,700 people can flourish, covering nearly 125 million kilometres per year and operating over 1,400 trucks and 2,300 trailers.

We have operations based in nearly 40 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 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 continue to order gas vehicles, a number of which are now operational in the business, and we will continue to convert our fleet from diesel to gas and electric vehicles as quickly as the related infrastructure allows. In addition, with the support of our customers we are exploring Hydrogenated Vegetable Oil (HVO) as an option.

Strategic report continued

Business Review

During the first half of the year trading was in line with expectations and ahead of prior year. This is despite the continuing COVID-19 pandemic and the lockdown between January and March 2021, which had a particular impact on our ARR Craib business due to its mix of customers.

At the beginning of March 2021, the Group acquired the share capital of Pollock Holdings Limited which further enhances our position and reputation in Scotland. The acquisition significantly increased our market share, and the Pollock business works effectively alongside ARR Craib and our Hayton Coulthard Transport joint venture. Pollock is one of Scotland's best known brands in the transport sector and brought significant new customers to the Group, as well as providing growth within the existing common customer base.

As we entered the second half of the year we saw exceptionally high volumes due to customers restocking post lockdown. Significant demand was also driven by a surge in staycations, particularly in South West England and in Scotland, both of which are key business areas for the group. At the same time, the scale of the driver shortage in the UK became apparent – it is estimated that at one point during the year the shortage reached 100,000 or more.

There have been too few drivers in the UK for some time, however during our third lockdown, the issue was not causing an immediate impact. As we started to emerge from lockdown and the requirements for transport increased significantly, the impact of the shortage on the whole supply chain became clear.

The entire sector felt the impact as did most of our operations but it was felt most significantly in our pallet network operations in the South West which struggled to keep up with a 70% uplift in volume. This had a significant impact on our profitability for the year.

The reasons behind the shortage of drivers were varied. A number of them returned to Europe to be with their families during the COVID-19 pandemic, a number returned as a result of Brexit, and even if any of these drivers had wanted to come back to the UK, they were deterred from doing so by the challenges and restrictions around international travel. In addition, with the average age of drivers in the UK well above 50, many have chosen to retire and have not been replaced by new drivers coming into the sector because truck driving tests were suspended during the pandemic.

The result of all of these factors was a significant upward pressure on driver wages across the whole of the UK, compounded by competition from other sectors. These sectors also faced labour shortages and therefore offered increased wages for roles potentially seen as less demanding than that of our drivers. The speed at which the market changed was exceptional, taking just a matter of weeks and as a result, our leadership team had to respond with pace by making a step change in wages to keep our drivers and maintain the service to our customers. The business prioritised service over cost and aimed to keep wages in the upper quartile. Our customers were very supportive of the changes we made, however our profitability was impacted in the short term as there was an inevitable time delay before we were able to recover those increased wages. To further protect us from the impact of the driver shortage in the longer term, we have substantially increased the investment in our well-established driver apprenticeship scheme. We have recruited additional trainers and doubled the number of apprentices with the aim of training 230 new drivers in the coming year.

In July, once the majority of restrictions had been lifted, it became apparent that in addition to the driver shortage there was a UK wide general skills shortage, including warehouse staff, mechanics, and other specialist areas. This resulted in further wage pressure impacting on profitability. Again our customers were very supportive of the measures we put in place to maintain service levels, however there was again a delay in recovering these wage increases.

Strategic report continued

Business Review continued

In September 2021, a small number of petrol forecourts saw delays in fuel deliveries due to driver shortages which sparked panic buying. This in turn led to shortages in petrol forecourts and delayed deliveries to our depots as the government prioritised emergency services for fuel deliveries. Whilst there was no actual shortage of fuel in the UK, our fuel supply was disrupted and some fuel had to be sourced from alternative suppliers at a higher price than usual for a short period of time. Service to our customers was maintained throughout the period.

In line with the group strategy, during the year the business expanded its warehouse footprint significantly, acquiring a warehouse in Devon (80,000 square feet) and one in the Scottish central belt (100,000 square feet). In addition we significantly increased our warehousing and transport presence in the Midlands by investing in the lease of a 200,000 square feet facility. Our results for the year were therefore impacted by start-up costs associated with the new warehouses.

Since the year end the business has taken on a further 160,000 square feet warehouse in the Bristol area to support expansion with an existing customer.

Overall it has been a turbulent year, due to the COVID-19 pandemic, the driver shortage and the associated impacts on the profitability of the pallet networks. However the business has continued to grow, both organically with new and existing customers, and through acquisition. The business remains strong and is in a good position to overcome the existing challenges in the market and capitalise on the many opportunities that remain in the market.

The Group's profit on ordinary activities before taxation for the period was £11.0m (2020: £11.0m). Turnover and net assets both increased in the period.

The Net Assets at the period end were £60.7m (2020: £54.8m). Cash reduced to £4.7m (2020: £19.5m) as initiatives put in place to protect cash and the business as the pandemic developed were unwound.

Future Developments

With the full year effect of both the Pollock business and the other new business started in the year, we expect overall revenue to increase in the next financial year. There remain plenty of opportunities in the pipeline with new customers and increased activity with existing customers. This, together with the benefits of fully integrating the Pollock business into the Group, is expected to drive a further increase in both profitability and margin, with the increased costs of wages and fuel being recovered from customers.

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

Strategic report continued

Principal risks and uncertainties continued

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 Recruited dedicated IT security expert Engagement with industry expertise Independent resilience testing	Increased likelihood
Driver shortage affects ability to service customers	Apprentice Programme scaled up Recruitment and retention initiatives Regular pay benchmarking Work with customers to smooth demand Eliminate empty running	Increased likelihood
General skills shortage (warehouse and office staff)	Recruitment initiatives Regular pay benchmarking Employee engagement Strong presence on social media	Increased likelihood
Shortage of new vehicles	Extending the life of vehicles Buying new vehicles from a broader range of suppliers Buying used vehicles	New risk
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
Pandemic affects trading and ability to service customers	COVID-19 secure measures at all sites Robust PPE supply chain Diverse customer base Staff contingency plans for all operations	Reduced likelihood
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 and electric vehicles Installed LNG fuelling facility	Increased likelihood
Shortage of spare parts and other supplies caused by Brexit, COVID-19 and skills shortages	Strategic stockholdings Business continuity plans Increased supplier engagement to identify risks	Reduced likelihood
Recession affects trading	Flexibility in vehicle fleet Diverse customer base Credit control measures	Reduced likelihood
Brexit cost increase	Vehicle orders pulled forward to mitigate impact of potential tariffs and exchange rate movements	Reduced likelihood
Brexit operational impact	Brexit Steering Group formed to adapt processes and technology Increased stock holding of critical parts and supplies	Reduced likelihood

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. **Ongoing management of the impact of COVID-19.** From the start of the COVID-19 pandemic we established an Emergency Response Committee to oversee our business response which continued to meet during 2021. An important part of the work the committee did was to communicate regularly with employees, customers and suppliers to explain the steps we were taking to protect both them and our ability to continue to provide our services.

2. **Management of the impact of Brexit.** The Emergency Response Committee oversaw the Group's planning for Brexit. This involved understanding the impact by operation and customer of changes to border processes and understanding the supply risk for critical parts and supplies. Throughout the BREXIT process, we communicated regularly with our customers, suppliers and people though letters, announcements and meetings.

3. **Reducing our impact on the Planet.** Sustainability continues to be of strategic importance to many of our customers and we have regular communication with many of our customers about how we can work together to reduce the carbon footprint of the transport services that we provide them. We also have regular reviews with our vehicle suppliers to ensure that 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.

4. **Acquisition of Pollock (Scotrans) Limited.** In March 2021 the Group acquired Pollock Holdings Ltd, to complement and strengthen the Group's presence in Scotland. At the time of the acquisition, we communicated with customers, suppliers and employees about the acquisition. The subsequent integration programme to align systems and processes was supported by regular employee communications and engagement.

Strategic report continued

Section 172(1) statement continued

5. **Lease of additional warehousing.** Working in partnership with one of our larger customers, the Board made the decision to lease a large, additional warehouse in the Midlands to support the growth and development of our services to this and other customers.

6. **Purchase of additional warehousing.** The Board made the decision to purchase a 100,000 square foot warehouse in the Central Belt of Scotland. This site was purchased from one of our larger customers who continued to run warehousing and transport operations from the site. In the second half of the year this operation was outsourced to us.

7. **Management of the impact of the Driver Shortage.** The business response to the driver shortage was overseen by the individual company Management Boards, led by the Managing Director and the HR Director to ensure a consistency of approach. The Boards made the decision to react quickly to the crisis to preserve service by increasing pay, investing in our apprentice scheme and in our central recruitment team. In addition the Boards decided to simplify our interview and induction processes and to incentivise staff if they introduced new drivers to the business. All driver pay rates were reviewed against the market and for fairness within the business, and significant pay increases were awarded. Customers were communicated with regularly and we partnered with them to simplify supply chains to minimise waiting times and empty running. The Board agreed a strategy to obtain customer support for the increases and individual directors liaised with their relevant customer contacts.

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

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 (Holdings) Ltd is 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 Holdings company board meets quarterly and reviews the structure and effectiveness of each of the Management Boards. 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 14, 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 5, 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. 2021 saw a number of changes to driver pay due to a significant change in market forces.

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

S H Gregory
Director
24 January 2022

Directors' report

The directors submit their report and financial statements for the 52 week period ending 2 October 2021.

Results and dividends

The profit after taxation for the Group for the period was £8.2m (2020: £8.6m). Dividends equivalent of £229.01 per ordinary share were paid during the period (2020: £nil 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 meets 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

Given the industry sector in which we operate, around 95% of our carbon footprint is due to the emissions from our fleet of over 1,200 commercial vehicles. Over recent years we have seen significant advancements in alternative fuel technologies. We are actively engaged with our customers about moving to alternative fuels to improve the sustainability of the transport services we provide to them and we currently operate over 20 alternative fuel vehicles with 17 more on order. The importance of sustainability to the Group is embodied in our purpose: one of the 5 'P's of our purpose is 'Planet: Embrace change that reduces our impact on the Planet.'

Energy Emissions

Scope 1 (direct emissions)

Emissions are those from activities owned or controlled by the Group. These include emissions from combustion in owned or controlled boilers, furnaces and vehicles.

Scope 2 (energy indirect)

Emissions are those released into the atmosphere that are associated with our consumption of purchased electricity, heat, steam and cooling.

Scope 3 (other indirect)

Emissions are a consequence of our actions that occur at sources we do not own or control and are not classed as Scope 2 emissions. These include business travel by means not owned or controlled by our Group such as trains or private cars.

Reported emissions come from consumption of grid supplied electricity, self-generated electricity, grid supplied natural gas, burning oil, gas oil, company owned and private passenger transport, owned or hired vans, owned or hired HGV transport. The Group are reporting based on their equity share boundary being 100% of Gregory Distribution Ltd and ARR Craib Transport Ltd, 100% of Pollock (Scotrans) Limited since acquisition on 1 March 2021 and 50% of Hayton Coulthard Transport Ltd (a joint venture).

Directors' report continued

Carbon Energy Reporting continued

Energy Emissions continued

52 week period ended 2 October 2021

Kwh *	**Total**	**Electric**	**Natural Gas**	**Other fuels**	**Transport**
Scope 1	410,617,344	-	1,579,594	2,951,295	406,086,455
Scope 2	7,211,718	7,211,718	-	-	-
Scope 3 (mandatory)	59,691	-	-	-	59,691
Gross & Net Values	**417,888,753**	**7,211,718**	**1,579,594**	**2,951,295**	**406,146,146**

tCO2e **	**Total**	**Electric**	**Natural Gas**	**Other fuels**	**Transport**
Scope 1	103,645.19	-	295.25	791.03	102,558.91
Scope 2	1,520.10	1,520.10	-	-	-
Scope 3 (mandatory)	14.97	-	-	-	14.97
Gross & Net Values	**105,180.26**	**1,520.10**	**295.25**	**791.03**	**102,573.88**

53 week period ended 3 October 2020

Kwh *	**Total**	**Electric**	**Natural Gas**	**Other fuels**	**Transport**
Scope 1	389,022,822	-	705,684	18,097,788	370,219,350
Scope 2	6,724,243	6,724,243	-	-	-
Scope 3 (mandatory)	390,921	-	-	-	390,921
Gross & Net Values	**396,137,986**	**6,724,243**	**705,684**	**18,097,788**	**370,610,271**

tCO2e **	**Total**	**Electric**	**Natural Gas**	**Other fuels**	**Transport**
Scope 1	99,557.26	-	129.75	4,514.43	94,913.08
Scope 2	1,567.69	1,567.69	-	-	-
Scope 3 (mandatory)	94.28	-	-	-	94.28
Gross & Net Values	**101,219.23**	**1,567.69**	**129.75**	**4,514.43**	**95,007.36**

* kWh kilowatt-hour (unit of measure for energy consumed commonly used as a billing unit)

** tCO2e Tonnes Carbon Dioxide Equivalent

Intensity Ratio

The Group has chosen the intensity metric of road transport kilometres (kWh and tCO2e per 1,000,000 km).

km (million)	**52 week period ended 2 October 2021**	
	kwh	**tc02e**
118.19	3,535,737	889.93

km (million)	**53 week period ended 3 October 2020**	
	kwh	**tc02e**
108.27	3,658,797	934.88

The data reported uses the UK Government GHG Conversion Factors for Company Reporting (Full Set 2020 version 1.0).

Actions taken during the year:

- we have signed a letter of commitment to the Science Based Targets initiative
- we operate 20 LNG (Liquified Natural Gas) tractor units with a further 15 being delivered in January 2022 and 2 CNG (Compressed Natural Gas) tractor units due for delivery in April 2022.
- installed a LNG supply tank at our Cullompton depot

Directors' report continued

Actions taken during the year: continued
• we operate two electric Nissan Leaf pool cars
• we operate an all-electric Electra refrigerated rigid vehicle, the first one of its kind in the UK, operating at 19 tonnes and making deliveries on behalf of one of our customers into central London.
• continued with our investment in modern Euro VI vehicles to replace older vehicles
• moved our electricity supply so that over 98% is now renewables
• engaged in discussions with customers about using Hydrogenated Vegetable Oil as an alternative fuel
• continued to benefit from solar panels on three of our warehouses generating 173,485 kWh of electricity
• continued assessment of opportunities to reduce energy consumption through improved data collection analysis (measuring and monitoring) and in-house energy surveys
• continued to invest in telematics technology (commercial transport fleet) and driver training to improve both the performance of our drivers and our mpg
• seen our company car fleet adopt more electric and hybrid vehicles, moving away from diesel

Plans for the forthcoming year
Our plans over the coming year are to
• submit our targets to the Science Based Targets initiative (SBTi) and have them approved. Once approved we will communicate them and embed them across the business
• further embrace alternative fuels by agreeing with customers to move at least 60 vehicles to alternative fuels
• extend the footprint of electric charging points across our depots
• complete feasibility studies to install solar panels on our larger owned warehouses that don't currently have them
• continue to explore options to install alternative fuel infrastructure including LNG and CNG gas and HVO facilities at key sites
• trial hydrogen powered vehicles subject to technology availability
• increase awareness amongst staff about reducing energy consumption at our depots through improved lines of communication
• continue engagement with our customers on all matters relating to reducing carbon emissions.

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 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. A major focus for the Group is 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, warehousing, 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 despite the COVID-19 restrictions during the year.

Directors' report 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.

Details of the number of employees and related costs can be found in note 8 to the financial statements on page 30.

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

S H Gregory
Director
24 January 2022

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 (Holdings) Limited
Period ended 2 October 2021

Opinion

We have audited the financial statements of Gregory Distribution (Holdings) Limited (the 'parent company') and its subsidiaries (the 'Group') for the period ended 2 October 2021, 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 2 October 2021 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 (Holdings) Limited (continued)
Period ended 2 October 2021

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 14, 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 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 (Holdings) Limited (continued)
Period ended 2 October 2021

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 (Holdings) Limited (continued)
Period ended 2 October 2021

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.

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

Centenary House
Peninsula Park
Rydon Lane
Exeter
Devon
EX2 7XE

Date: 28 January 2022

Group profit and loss account

for the period ended 2 October 2021

	Notes	52 week period ended 2 October 2021 £'000	53 week period ended 3 October 2020 £'000
Turnover	3	**273,431**	238,299
Cost of sales		**(236,178)**	(206,888)
Gross profit		**37,253**	31,411
Administrative expenses		**(26,382)**	(23,122)
Other operating income	4	**1,003**	3,587
Group operating profit	5	**11,874**	11,876
Share of operating profit in joint venture		**627**	631
Total operating profit: Group and share of joint venture		**12,501**	12,507
Profit on ordinary activities before exceptional items, interest and taxation		**12,501**	12,507
Dividend income from investments		**8**	2
Gain on financial assets at fair value through profit and loss		**32**	47
Interest receivable		**-**	3
Interest payable and similar charges	8	**(1,509)**	(1,555)
Profit on ordinary activities before taxation		**11,032**	11,004
Tax on profit on ordinary activities	9	**(2,882)**	(2,450)
Profit for the financial period		**8,150**	8,554
Profit for the financial period			
Group		**7,915**	8,094
Joint venture		**235**	460
Profit attributable to shareholders		**8,150**	8,554

Group balance sheet

at 2 October 2021

	Notes		**2 October 2021**		3 October 2020
	Notes	**£'000**	**£'000**	£'000	£'000
Fixed Assets					
Intangible assets	11		**1,317**		1,449
Tangible assets	12		**108,894**		87,389
Investments	13				
Investment in joint venture		**2,005**		1,770	
Other investments		**616**		584	
			2,621		2,354
			112,832		91,192
Current assets					
Stocks	14		**993**		784
Debtors	15		**61,188**		47,071
Cash at bank and in hand			**4,690**		19,501
			66,871		67,356
Creditors: amounts falling due within one year	16		**(82,487)**		(71,430)
Net current liabilities			**(15,616)**		(4,074)
Total assets less current liabilities			**97,216**		87,118
Creditors: amounts falling due after more than one year	17		**(32,201)**		(30,414)
Provisions for liabilities	9		**(4,326)**		(1,898)
Net assets			**60,689**		54,806
Capital and reserves					
Called up share capital	20		**10**		10
Capital redemption reserve			**1,250**		1,250
Profit and loss account			**59,429**		53,546
Shareholders' funds			**60,689**		54,806

Approved by the board and signed on its behalf by

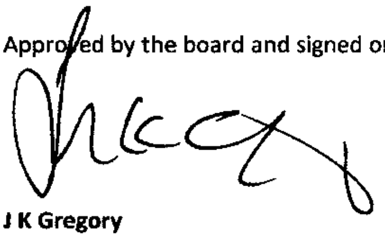
J K Gregory
Director
24 January 2022

Parent company balance sheet

at 2 October 2021

	Notes	2 October 2021 £'000	3 October 2020 £'000
Fixed Assets			
Tangible assets	12	**12,841**	3,593
Investments	13	**24,693**	19,280
		37,534	22,873
Current assets			
Debtors	15	**37**	1,628
Cash at bank and in hand		**1**	24
		38	1,652
Creditors: amounts falling due within one year	16	**(25,364)**	(11,542)
Net current liabilities		**(25,326)**	(9,890)
Total assets less current liabilities		**12,208**	12,983
Creditors: amounts falling due after more than one year	17	**(2,008)**	(2,816)
Provisions for liabilities	9	**(161)**	(82)
Net assets		**10,039**	10,085
Capital and reserves			
Called up share capital	20	**10**	10
Capital redemption reserve		**1,250**	1,250
Profit and loss account		**8,779**	8,825
Shareholders' funds		**10,039**	10,085

Approved by the board and signed on its behalf by



J K Gregory
Director
24 January 2022

Group statement of changes in equity

at 2 October 2021

	Equity share capital	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 4 October 2020	10	1,250	53,546	54,806
Profit for the period	-	-	8,150	8,150
Total comprehensive income for the period	-	-	8,150	8,150
Dividends paid	-	-	(2,267)	(2,267)
At 2 October 2021	**10**	**1,250**	**59,429**	**60,689**

	Equity share capital	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 29 September 2019	10	1,000	42,242	46,252
Profit for the period	-	-	8,554	8,554
Total comprehensive income for the period	-	-	8,554	8,554
Redemption of preference shares	-	250	(250)	-
At 3 October 2020	10	1,250	53,546	54,806

Parent company statement of changes in equity

at 2 October 2021

	Equity share capital	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 4 October 2020	10	1,250	8,825	10,085
Profit for the period	-	-	2,221	2,221
Total comprehensive profit for the period	-	-	2,221	2,221
Dividends paid	-	-	(2,267)	(2,267)
At 2 October 2021	**10**	**1,250**	**8,779**	**10,039**

	Equity share capital	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 29 September 2019	10	1,000	9,289	10,299
Loss for the period	-	-	(214)	(214)
Total comprehensive income for the period	-	-	(214)	(214)
Redemption of preference shares	-	250	(250)	-
At 3 October 2020	10	1,250	8,825	10,085

Group cash flow statement

For the period ended 2 October 2021

	52 week period ended 2 October 2021 £'000	53 week period ended 3 October 2020 £'000
Cash flows from operating activities		
Profit for the period	**8,150**	8,554
Adjustment for non-cash items		
Depreciation and amortisation charges	**15,325**	14,380
Profit on sale of fixed assets	**(704)**	(579)
Share of profit in joint venture	**(472)**	(466)
Income from investments	**(8)**	(2)
Gain on financial assets at fair value through profit or loss	**(32)**	(47)
Interest received	**-**	(3)
Finance costs	**1,509**	1,555
Tax expense	**2,882**	2,450
	26,650	25,842
Working capital adjustments		
(Increase)/decrease in stock	**(155)**	229
Increase in debtors	**(7,370)**	(648)
(Decrease)/increase in creditors	**(6,269)**	12,112
Cash generated from operations	**12,856**	37,535
Tax paid	**(2,807)**	(2,013)
Net cash flow from operating activities	**10,049**	35,522
Cash flows from investing activities		
Interest received	**-**	3
Income from investments	**8**	2
Acquisitions of tangible assets	**(10,597)**	(5,460)
Acquisition of intangible assets	**-**	(299)
Acquisition of subsidiary undertaking	**(5,413)**	-
Proceeds from sale of tangible assets	**1,395**	1,418
Dividends from joint venture	**237**	7
Net cash flow from investing activities	**(14,370)**	(4,329)
Cash flows from financing activities		
Interest paid	**(1,509)**	(1,555)
Dividends paid	**(2,267)**	-
Repayment of preference share capital	**-**	(250)
New loans	**11,329**	-
Repayment of loans	**(1,257)**	(7,300)
Payments to finance lease creditors	**(16,786)**	(10,815)
Net cash flow from financing activities	**(10,490)**	(19,920)
Net (decrease)/increase in cash and cash equivalents	**(14,811)**	11,273
Cash and cash equivalents at 3 October 2020	**19,501**	8,228
Cash and cash equivalents at 2 October 2021	**4,690**	19,501

Notes to the financial statements

at 2 October 2021

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.

Going concern

The financial statements have been prepared on a going concern basis. In light of the ongoing impact of the COVID-19 pandemic, 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.

Basis of consolidation

The Group financial statements consolidate the financial statements of Gregory Distribution (Holdings) Limited and all of its subsidiary undertakings drawn up to 2 October 2021. No profit and loss account is presented for Gregory Distribution (Holdings) Limited as permitted by section 408 of the Companies Act 2006. Details of the profit and loss for the period are given in note 10.

Entities in which the Group holds an interest on a long-term basis and are jointly controlled by the Group and one or more of the venturers under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

Notes to the financial statements

at 2 October 2021

2 Accounting policies continued

Basis of consolidation continued
In the parent company financial statements, investments in subsidiaries and joint ventures are accounted for at cost less impairment.

Reporting exemptions
Gregory Distribution (Holdings) Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its 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 year the Group recognised Coronavirus Job Retention Scheme ("CJRS") grant income from the Government designed to mitigate the impact of COVID-19. The Group has 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.

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.

Notes to the financial statements

at 2 October 2021

2 Accounting policies continued

Tangible fixed assets and depreciation

All tangible fixed assets are initially recorded at cost. Tangible fixed assets, other than freehold land 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.

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.

Notes to the financial statements

at 2 October 2021

2 Accounting policies continued

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

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.

Notes to the financial statements

at 2 October 2021

2 Accounting policies continued

Financial instruments continued
Recognition and measurement continued
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.

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 2 October 2021 £'000	53 week period ended 3 October 2020 £'000
Area of activity		
Transport and distribution	**254,033**	220,294
Warehousing	**19,398**	18,005
Group turnover	**273,431**	238,299

Notes to the financial statements

at 2 October 2021

4 Other operating income

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

	52 week period ended 2 October 2021 £'000	53 week period ended 3 October 2020 £'000
Rent receivable	**516**	612
Government grant income	**487**	2,975
	1,003	3,587

5 Group operating profit

This is stated after charging/(crediting)

	52 week period ended 2 October 2021 £'000	53 week period ended 3 October 2020 £'000
Depreciation	**15,126**	14,178
Amortisation	**199**	202
Operating lease rentals	**13,027**	9,407
Profit on disposal of tangible fixed assets	**(704)**	(579)
Auditor's remuneration (note 6)	**92**	74

6 Auditors' remuneration

The remuneration of the auditors is further analysed as follows:	**52 week period ended 2 October 2021 £'000**	53 week period ended 3 October 2020 £'000
Group auditors		
Audit of the parent and consolidated accounts*	**72**	60
Other fees to auditors – taxation compliance	**20**	14
Charged to the profit and loss account (note 5)	**92**	74

Notes to the financial statements

at 2 October 2021

7 Staff costs

	52 week period ended 2 October 2021 No.	53 week period ended 3 October 2020 No.
Average number employed in the period		
Administration	**402**	362
Other	**1,933**	1,978
	2,335	2,340

	52 week period ended 2 October 2021 £'000	53 week period ended 3 October 2020 £'000
Aggregate amounts paid in respect of		
Wages and salaries (excluding directors' emoluments)	**75,561**	71,602
Directors' remuneration	**460**	417
Social security costs	**7,286**	6,885
Other pension costs (excluding directors)	**1,888**	2,273
Other pension costs (directors)	**8**	14
	85,203	81,191

Directors also received benefits in kind to the value of £8,000 (2020: £42,000).

Three 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 (2020: £223,000). In addition, an amount of £8,000 (2020: £nil) was paid in respect of pension contributions.

Notes to the financial statements

at 2 October 2021

8 Interest payable

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

	52 week period ended 2 October 2021 £'000	53 week period ended 3 October 2020 £'000
On bank loans and overdrafts	325	363
Redeemable preference shares	46	35
Interest on finance leases and hire purchase contracts	1,088	1,070
Other interest	30	51
	1,489	1,519
Share of joint venture's interest	20	36
	1,509	1,555

9 Taxation

Tax on profit on ordinary activities

	52 week period ended 2 October 2021 £'000	53 week period ended 3 October 2020 £'000
The taxation charge based on the results for the period is made up as follows		
UK corporation tax	818	2,271
Adjustments in respect of previous periods	-	(23)
Group current tax	818	2,248
Share of joint venture's current tax	134	164
Total current tax	952	2,412
Deferred tax		
Originating and reversal of timing differences	1,929	75
Group deferred tax	1,929	75
Share of joint venture's deferred tax	1	(37)
Total deferred tax	1,930	38
Tax on profit on ordinary activities	2,882	2,450

Notes to the financial statements

at 2 October 2021

9 **Taxation** continued

Deferred tax

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 2 October 2021 £'000	53 week period ended 3 October 2020 £'000
Profit on ordinary activities before taxation	**11,032**	11,004
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2020: 19.0%)	**2,096**	2,091
Effect of		
Disallowed expenses and non-taxable income	**31**	53
Fixed asset differences	**(171)**	120
Chargeable gains	**-**	20
Change in deferred tax rates	**925**	179
Adjustments in respect of previous years	**3**	(2)
Income not taxable for tax purposes	**(10)**	-
Others	**8**	(11)
Current tax charge for the period	**2,882**	2,450

Group

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

	2021 £'000	2020 £'000
Included in provisions for liabilities	**(4,326)**	(1,898)
Accelerated capital allowances	**(4,326)**	(1,898)
Deferred tax	**(4,326)**	(1,898)

	2021 £'000
At 3 October 2020	**(1,898)**
Acquired with subsidiary undertaking	**(499)**
Deferred tax charged in profit and loss account	**(1,929)**
At 2 October 2021	**(4,326)**

Notes to the financial statements

at 2 October 2021

9 **Taxation** continued

Deferred tax

Parent Company

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

	2021	2020
	£'000	£'000
Included in provisions for liabilities	**(161)**	(82)
Accelerated capital allowances	**(161)**	(82)
Deferred tax	**(161)**	(82)

	2021
	£'000
At 3 October 2020	**(82)**
Deferred tax charge in profit and loss account	**(79)**
At 2 October 2021	**(161)**

10 Profit/(loss) attributable to members of the parent company

The profit dealt with in the financial statements of the parent company is £2,221,000 (2020: £214,000 loss).

11 Intangible fixed assets

Group	Customer contracts	Development costs	Goodwill	Total
	£'000	£'000	£'000	£'000
Cost				
At 3 October 2020	1,991	182	1,583	3,756
Additions (note 25)	-	-	67	67
At 2 October 2021	**1,991**	**182**	**1,650**	**3,823**
Amortisation				
At 3 October 2020	1,991	114	202	2,307
Provided during the period	-	68	131	199
At 2 October 2021	**1,991**	**182**	**333**	**2,506**
Net book value				
At 2 October 2021	-	-	**1,317**	**1,317**
At 3 October 2020	-	68	1,381	1,449

Notes to the financial statements

at 2 October 2021

12 Tangible fixed assets

Group

	Freehold land and buildings £'000	Leasehold improvements £'000	Motor Vehicles £'000	Warehouse and garage equipment £'000	Fixtures, fittings and office equipment £'000	Assets in the course of construction £'000	Total £'000
Cost							
At 3 October 2020	37,995	1,083	95,376	8,408	9,088	1,835	153,785
Additions	-	-	11,040	46	-	14,247	25,333
Acquisition of subsidiary undertaking	4,650	-	7,490	122	27	-	12,289
Reclassification	9,387	(109)	1,084	2,889	1,376	(14,627)	-
Disposals	(10)	-	(6,960)	(399)	(201)	-	(7,570)
At 2 October 2021	**52,022**	**974**	**108,030**	**11,066**	**10,290**	**1,455**	**183,837**
Depreciation							
At 3 October 2020	7,550	254	49,048	4,415	5,129	-	66,396
Charge for the period	692	99	12,360	1,083	892	-	15,126
Eliminated on disposals	(10)	-	(6,019)	(349)	(201)	-	(6,579)
At 2 October 2021	**8,232**	**353**	**55,389**	**5,149**	**5,820**	**-**	**74,943**
Net book amounts							
At 2 October 2021	**43,790**	**621**	**52,641**	**5,917**	**4,470**	**1,455**	**108,894**
At 3 October 2020	30,445	829	46,328	3,993	3,959	1,835	87,389

Freehold land and buildings include land at cost at 2 October 2021 of £9,927,000 (2020: £7,560,000) which is not depreciated.

Included in the total net book value of tangible assets is £51,315,000 (2020: £44,920,000) in respect of assets acquired under finance leases and hire purchase contracts.

Included in freehold land and buildings is a property held for investment purposes, with a fair value of £2,446,000 (2020: £2,446,000) assessed by the directors as at 2 October 2021.

Notes to the financial statements

at 2 October 2021

12 Tangible fixed assets continued

Parent Company

	Freehold land and buildings £'000	Motor Vehicles £'000	Warehouse and garage equipment £'000	Fixtures, fittings and office equipment £'000	Assets in the course of construction £'000	Total £'000
Cost						
At 3 October 2020	2,502	142	516	44	624	3,828
Additions	-	-	-	-	9,431	9,431
Reclassification	9,436	-	6	-	(9,442)	-
At 2 October 2021	**11,938**	**142**	**522**	**44**	**613**	**13,259**
Depreciation						
At 3 October 2020	14	-	177	44	-	235
Charge for the period	128	-	55	-	-	183
At 2 October 2021	**142**	-	**232**	**44**	-	**418**
Net book amounts						
At 2 October 2021	**11,796**	**142**	**290**	-	**613**	**12,841**
At 3 October 2020	2,488	142	339	-	624	3,593

Freehold land and buildings include land at cost at 2 October 2021 of £2,405,000 (2020: £905,000) which is not depreciated.

Included in the total net book value of tangible assets is £266,000 (2020: £317,000) in respect of assets acquired under finance leases and hire purchase contracts.

Included in freehold land and buildings is a property held for investment purposes, with a fair value of £2,446,000 (2020: £2,446,000) assessed by the directors as at 2 October 2021.

Notes to the financial statements

at 2 October 2021

13 Investments

Group	2021	2020
	£'000	£'000
Joint venture (a)	**2,005**	1,770
Other fixed asset investments (b)	**616**	584
	2,621	2,354

(a) Joint Venture	£'000
At 3 October 2020	1,770
Share of profit retained by joint venture (after dividends received)	235
At 2 October 2021	**2,005**

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):

	2021	2020
	£'000	£'000
Fixed Assets	**1,033**	1,298
Current Assets	**3,620**	3,967
Share of gross assets	**4,653**	5,265
Liabilities due within one year	**2,232**	2,920
Liabilities due after more than one year	**416**	575
Share of gross liabilities	**2,648**	3,495
Share of net assets	**2,005**	1,770

	2021	2020
	£'000	£'000
Turnover	**11,026**	12,343
Profit before tax	**607**	593
Taxation	**(135)**	(127)
Profit after tax	**472**	466

Notes to the financial statements

at 2 October 2021

13 Investments continued

Group

(b) Other fixed asset investments	Unlisted £'000
Cost	
At 3 October 2020	584
Fair value adjustment through profit or loss	32
At 2 October 2021	**616**
Amounts provided	
At 3 October 2020 and **2 October 2021**	-
Net book value	
At 2 October 2021	**616**
At 3 October 2020	584

Parent Company

	Subsidiary undertakings £'000	Joint Venture £'000	Total £'000
Cost			
At 3 October 2020	18,728	552	19,280
Additions (note 25)	5,413	-	5,413
At 2 October 2021	**24,142**	**552**	**24,693**
Amounts provided			
At 3 October 2020 and **2 October 2021**	-	-	-
Net book value			
At 2 October 2021	**24,142**	**552**	**24,693**
At 3 October 2020	18,728	552	19,280

Notes to the financial statements

at 2 October 2021

13 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
Gregory Distribution (Contracts) Limited	England	Ordinary Shares	100%	Dormant company
Gregory Distribution (Transport) Limited	England	Ordinary Shares	100%	Dormant company
Kay Transport Holdings Limited	England	Ordinary Shares	100%	Dormant company
Kay Transport Limited	England	Ordinary Shares	100%	Dormant company
ARRC Holdings Limited	Scotland	Ordinary Shares	100%	Dormant 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 (became dormant in the period)
Pollock (Scotrans) Limited	Scotland	Ordinary Shares**	100%	Road transport and distribution
Pollock Express Limited	Scotland	Ordinary Shares**	100%	Road transport and distribution (became dormant in the period)
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. Pollock Holdings Limited was acquired in the period (see note 25)

Notes to the financial statements

at 2 October 2021

13 Investments continued

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

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 has accordingly guaranteed the debts of the above subsidiaries as at 2 October 2021.

14 Stock

Group	2021 £'000	2020 £'000
Consumables	**993**	784

15 Debtors

	Group		Parent Company	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Trade debtors	**40,567**	31,878	**24**	86
Amounts owed by Group undertakings	-	-	-	1,502
Other debtors	**532**	1,086	-	6
Corporation tax receivable	**368**	-	-	-
Prepayments and accrued income	**19,721**	14,107	**13**	34
	61,118	47,071	**37**	1,628

Group

An impairment loss of £215,000 (2020: £27,000) was recognised against trade debtors during the period.

Notes to the financial statements

at 2 October 2021

16 Creditors: amounts falling due within one year

	Group		Parent Company	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**24,202**	10,450	**15,550**	10,450
Obligations under finance leases and hire purchase contracts (note 18)	**12,451**	10,932	**9**	106
Trade creditors	**18,060**	16,620	**797**	-
Amounts owed to Group undertakings	**-**	-	**8,996**	919
Corporation tax	**-**	1,448	**-**	-
Other tax and social security	**8,817**	17,071	**-**	-
Other creditors	**185**	182	**-**	-
Accruals and deferred income	**18,772**	14,727	**12**	67
	82,487	71,430	**25,364**	11,542

Bank loans and overdrafts consist of Revolving Credit Facilities (RCFs) and Term Loans. The RCFs are treated as repayable on demand and term loans have expiries between May 2023 and September 2029. The group also utilise other funding arrangements which, alongside the RCFs, are subject to regular review. Interest rates charged range, across all facilities, from 1.55% plus LIBOR to 4.25% plus Bank of England Base Rate. Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

17 Creditors: amounts falling due after more than one year

Group	**2021**	2020
	£'000	£'000
Loans	**1,308**	1,400
Shares classified as financial liabilities (note 20)	**1,390**	1,390
Obligations under finance leases and hire purchase contracts (note 18)	**29,503**	27,624
	32,201	30,414

The loans are wholly repayable within five years and are secured on certain of the Group's assets.
Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

Notes to the financial statements

at 2 October 2021

17 Creditors: amounts falling due after more than one year continued

Parent Company	2021 £'000	2020 £'000
Loans	**600**	1,400
Shares classified as financial liabilities (note 20)	**1,390**	1,390
Obligations under finance leases and hire purchase contracts (note 18)	**18**	26
	2,008	2,816

The loans are wholly repayable within five years and are secured on certain of the Group's assets.
Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

18 Obligations under leases and hire purchase contracts

Finance leases

Group	2021 £'000	2020 £'000
Obligations under finance leases and hire purchase contracts are due as follows		
Within one year	**12,451**	10,932
Between two and five years	**26,898**	25,473
After five years	**2,605**	2,151
	41,954	38,556

Parent Company	2021 £'000	2020 £'000
Obligations under finance leases and hire purchase contracts are due as follows		
Within one year	**9**	106
Between two and five years	**18**	26
	27	132

Operating Leases

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

	Land and buildings 2021 £'000	Other 2021 £'000	Land and buildings 2020 £'000	Other 2020 £'000
Within one year	**3,582**	**4,399**	2,499	2,767
In two to five years	**12,861**	**9,401**	7,705	6,641
In over five years	**10,356**	**363**	4,334	400
	26,799	**14,163**	14,538	9,808

Notes to the financial statements

at 2 October 2021

19 Financial Instruments

Group

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

	2021 £'000	2020 £'000
Financial assets		
Measured at fair value through profit or loss		
Fixed asset other investments (note 13b)	**616**	584
Measured at amortised cost		
Trade and other debtors (note 15)	**41,099**	32,964
Financial liabilities		
Measured at amortised cost		
Loans payable (notes 16 and 17)	**25,510**	11,850
Redeemable preference shares (notes 17 and 20)	**1,390**	1,390
Trade and other creditors (note 16)	**27,062**	33,873
	53,962	46,154

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

	2021 £'000	2020 £'000
Interest expense		
Total interest expense for financial liabilities at amortised cost	**371**	398
Fair value gains and losses		
On financial assets measured at fair value through profit or loss	**32**	47

Notes to the financial statements

at 2 October 2021

20 Share capital

Group and parent company

Allotted, called-up and fully paid	2021	2020
	£'000	£'000
9,900 (2020: 9,900) Ordinary shares of £1 each	**10**	10
1,390,000 (2020: 1,390,000) Redeemable Preference shares of £1 each	**1,390**	1,390
	1,400	1,400

Amounts presented in equity	**2021**	2020
	£'000	£'000
Ordinary shares of £1 each	**10**	10

Amounts presented in liabilities	**2021**	2020
	£'000	£'000
Redeemable Preference shares of £1 each	**1,390**	1,390

The redeemable preference shares are non-voting and repayable at the option of the company. They carry a fixed rate dividend of 3%.

21 Financial commitments

Capital commitments

Amounts contracted for but not provided in the accounts amounted to £25,100,000 (2020: £6,232,000) for the Group and £569,000 (2020: £21,000) for the parent company.

22 Contingent liabilities

There is 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. The borrowing covered by this guarantee at the period end was £16,150,000 (2020: £11,850,000). An additional cross guarantee of £23,500,000 (2020: £23,500,000) is in place for a funding arrangement between Gregory Distribution Limited and ARR Craib Transport Limited.

Notes to the financial statements

at 2 October 2021

23 Analysis of net debt

	At 3 October 2020 £'000	Cash flow £'000	Other £'000	**At 2 October 2021 £'000**
Cash at bank and in hand	**19,501**	**(14,811)**	-	**4,690**
Preference shares	(1,390)	-	-	**(1,390)**
Loans and bank overdrafts	(11,850)	(10,072)	(3,588)	**(25,510)**
Finance leases	(38,556)	16,786	(20,184)	**(41,954)**
Net debt	**(32,295)**	**(10,820)**	**(21,049)**	**(64,164)**

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 £14,402,000 (2020: £9,276,000). £3,588,000 of loans and overdrafts were acquired with a subsidiary during the year. £5,782,000 of finance lease arrangements were acquired with a subsidiary during the year.

24 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 £529,000 (2020: £403,000).

25 Business combinations

On 1st March 2021, the Group acquired the entire share capital of Pollock Holdings Limited, which operates a transport and distribution business in Scotland.

Pollock Holdings Limited contributed £16,423,000 turnover and £392,000 to the group's profit after tax for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of identifiable assets acquired and liabilities assumed are set out in the table below:

Assets and liabilities acquired	*Book value £'000*	*Fair value adjustment £'000*	*Fair value of assets acquired £'000*
Tangible fixed assets	11,597	725	12,322
Stock	54	-	54
Financial assets	6,380	-	6,380
Financial liabilities excluding loans and overdrafts	(9,323)	-	(9,323)
Loans and overdrafts	(3,588)		(3,588)
Deferred tax	(318)	(181)	(499)
Total identifiable assets	4,802	544	5,346
Goodwill acquired	-	67	67
Total consideration	4,802	611	5,413
Satisfied by:			
Cash	5,413	-	5,413

On acquisition, certain freehold property was identified to have a fair value in excess of book value by £725,000. This has been treated as a fair value adjustment.

Notes to the financial statements

at 2 October 2021

26 Related party transactions

Group

Key management personnel

Key management personnel compensation comprises directors' remuneration only which is disclosed in note 8.

Transactions with entities under common directorship and joint control

Transactions entered into, and trading balances outstanding at 2 October 2021 and 3 October 2020 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				
2021	**3,177**	**2,461**	**1,365**	**1,582**
2020	3,302	3,045	1,621	757

Parent company

The company has taken advantage of the exemption in FRS 102 not to disclose transactions with wholly owned subsidiaries. During the period the company entered into transactions, in the ordinary course of business, with its joint venture. Transactions entered into, and trading balances outstanding at 2 October 2021 and 3 October 2020, 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				
2021	**208**	**-**	**24**	**-**
2020	212	-	86	-

27 Ultimate controlling party

J K Gregory, a director and controlling shareholder of the company, is considered to be the ultimate controlling party.