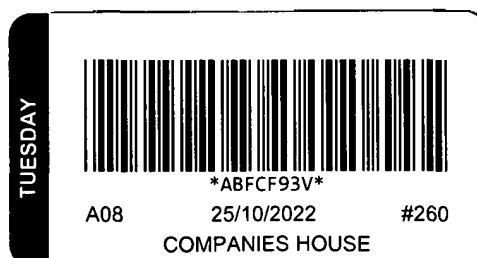


## **Advanced Supply Chain (Logistics) Ltd**

### **Annual report and financial statements for the 13 month period ended 31 December 2021**

Registered number: 10213494



## **Advanced Supply Chain (Logistics) Ltd**

### **Annual report for the 13 month period ended 31 December 2021**

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## Strategic report for the 13 month period ended 31 December 2021

The Directors present their strategic report for the 13 month period ended 31 December 2021.

On 21 September 2021, the Advanced Supply Chain Group (the "Group"), of which Advanced Supply Chain (Logistics) Limited is a subsidiary, was acquired by OS Phoenix Bidco Limited and are now a Reconomy Group company ("Reconomy"). The Directors are delighted with this new ownership and are confident that Reconomy are fully committed to the next phase of the development of the Company.

The reporting period has been extended to align to that of the Reconomy Group. As a result, the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

### Review of the business

#### Financial performance and position

The Company's results as set out for the financial period are disclosed on page 11 of the financial statements, reflecting the Company's profit before taxation for the financial period of £1,151,909 (2020; £689,396).

The Company's performance improved upon the prior year, with revenue for the period of £15,779,341 (2020; £11,166,488) and the Company's operating profit increased to £1,176,260 (2020; £723,389).

The Company's net asset position at 31 December is £2,048,926 (2020; £885,244) and has remained strong year on year.

#### Key Performance Indicators

The Directors have monitored the performance of the Company with reference to key performance indicators ("KPIs"), which have been chosen by the Directors as those that measure the key elements of the Company's performance towards the achievement of the Company's business strategy. The KPIs are set out below:

		13 months ended 31 December 2021	Year ended 30 November 2020
	Unit		
Revenue	£	15,779,341	11,166,488
Gross profit margin	%	25.4	31.6
Operating profit	£	1,176,260	723,389
Operating profit margin	%	7.5	6.5

Revenue increased by £4,612,853 (41.3%), owing to the onboarding of new customers. The decreased gross profit margins are because of recent disruptions in supply chains, including HGV shortages which resulted in additional costs to the business.

The transport operation is aligned to Advanced Supply Chain Group's ("ASCG" or "Group") UK warehousing operations and is helping to drive growth through the rest of ASCG's operations. Across the Group, although sites have been focussed towards higher margin, value added service operations, the sales mix this period has led to a decrease in gross profit margin. This higher margin business is directly linked to the continued investment in the business's internally developed "Intelligent Supply Chain" software as explained in the Business Strategy section below.

## **Strategic report for the 13 month period ended 31 December 2021 (continued)**

### **Business Strategy**

The Company is part of the Advanced Supply Chain Group Limited ("ASCG" or "Group") and as such it is aligned with the Group's strategy below:

The Group offers a complete range of supply chain and value-added services worldwide, serving a large number and wide variety of both blue chip and medium size enterprises.

The Group's strategy is to drive growth in these activities by building on its unique capabilities as a true "end-to-end" third party intelligent supply chain business. The customer specific activities are underpinned by innovative solutions, designed and written by ASCG's in house software development team. This enables the business to perform detailed processes in an agile and efficient way and with total flexibility. Also offering unrivalled visibility to its customers with unique business intelligence information about their product on its journey from origin to customer.

The Group's strategy and future growth agenda, enabling low touch, value added services with solutions tailored to specific user needs, will be executed as follows:

- Continuing to invest in and develop innovative Intelligent Supply Chain solutions that capitalise on dynamic and connected technology to provide integrated solutions;
- Increasing our capacity by growing and enhancing our UK, European and Worldwide site and distribution networks; and
- Accelerating growth in our international business, specifically upstream providing better, faster, cheaper solutions for our customers.

These growth priorities are underpinned by detailed proposition roadmaps, research and development plans and organic growth from the Group's existing contract base. Over recent years, the business has opened and expanded operations in the Czech Republic, UAE and the Far East.

The Group's core markets are underpinned by a presence in strongly growing UK and Worldwide markets. The Group provides innovative solutions for omnichannel retailers. There has been significant acceleration of growth within digital and omnichannel retail in the last 12 months which is expected to continue.

### **Principal Risks and Uncertainties**

#### **Foreign exchange risk**

The Company has very limited exposure to foreign currency risk, as it is able to "back to back" purchase and sales of non-Sterling transactions with customers.

#### **Interest rate risk**

The Company has no significant exposure to interest rate risks as there is limited external debt. The Group takes advantage of asset finance and inter group loans.

**Strategic report for the 13 month period ended 31 December 2021 (continued)**

**Future Outlook**

The Company is well positioned to continue to improve its performance in future years. The Board is committed to developing and recruiting its employees to drive the business forward and deliver the planned growth in the coming years.

Approved by the Board on 18 October 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J T Sullivan', written in a cursive style.

**J T Sullivan**  
**Director**

## **Directors' report for the 13 month period ended 31 December 2021**

The Directors present their annual report and the audited financial statements for the 13 month period ended 31 December 2021.

### **Principal Activities**

The principal activities of the Company are the supply of logistics, contract logistics, UK distribution and value-added services.

### **Dividends**

During the period ended 31 December 2021 no dividends were paid (2020; none) and nothing declared or proposed.

### **Directors**

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

M D Danby (Resigned 21/09/2021)

C Webb

P A Cox (Appointed 21/09/2021)

J T Sullivan (Appointed 21/09/2021)

The Directors were insured by third party indemnity insurance from September 2021.

### **Employee involvement**

Employees are kept as fully informed as possible about the activities of the business. This is achieved through internal publications, communications programmes, notice boards and briefings. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employee Voice Forums are held regularly to further enable this communication.

The Company encourages employee involvement in the financial and economic performance of the business through participation in the site based gain share productivity bonuses.

### **Disabled employees**

The Company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the Company. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

### **Matters covered in the Strategic report**

Information regarding the business review, principal risks and uncertainties, financial key performance indicators, future developments and prospects is included in the Strategic report.

## **Directors' report for the 13 month period ended 31 December 2021 (continued)**

### **Going concern**

The Company's business activities, together with the factors likely to affect its future development performance and position, are set out in the Strategic report on pages 3 to 5. Based on the forecasts prepared and facilities available the Directors have reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis. The Company has the support of the Group for at least 12 months from the date of signing the financial statements.

### **Statement of directors' responsibilities in respect of the financial statements**

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

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

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

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

**Directors' report for the 13 month period ended 31 December 2021 (continued)**

**Independent Auditors**

The Directors will appoint Independent Auditors for the next year end by ordinary resolution in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18 October 2022 and signed on its behalf.



**J T Sullivan**  
**Director**



# Independent auditors' report to the members of Advanced Supply Chain (Logistics) Ltd

## Report on the audit of the financial statements

### Opinion

In our opinion, Advanced Supply Chain (Logistics) Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the 13 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2021; the Statement of comprehensive income and the Statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

# Independent auditors' report to the members of Advanced Supply Chain (Logistics) Ltd (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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

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

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

### **Auditors' responsibilities for the audit of the financial statements**

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

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Money Laundering Regulations 2007, the Regulatory Reform (Fire Safety) Order 2005, and health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements.

# Independent auditors' report to the members of Advanced Supply Chain (Logistics) Ltd (continued)

We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax laws. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance. Audit procedures performed by the engagement team included:

- Enquiry with management and those charged with governance to understand relevant laws and regulations applicable to the company and their assessment of fraud related risks;
- Evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- Testing accounting estimates that we deemed to present a risk of material misstatement, including challenging management on the supporting documents provided;
- Identifying and testing journal entries using a risk based targeting approach for unexpected account combinations; and
- Reviewing financial statement disclosures and testing to supporting documentation where appropriate to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

## Use of this report

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

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Victoria Coe (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
18 October 2022

**Statement of comprehensive income for the 13 month period ended 31 December 2021**

	Note	13 months to 31 December 2021 £	Year ended 30 November 2020 £
<b>Revenue</b>	5	<b>15,779,341</b>	11,166,488
Cost of sales		<b>(11,766,454)</b>	(7,634,503)
<b>Gross profit</b>		<b>4,012,887</b>	3,531,985
Administrative expenses excluding exceptional costs		<b>(2,855,011)</b>	(2,921,585)
Exceptional costs	7	-	(28,849)
Administrative expenses		<b>(2,855,011)</b>	(2,950,434)
Other operating income	6	<b>18,384</b>	141,838
<b>Operating profit</b>	7	<b>1,176,260</b>	723,389
Interest payable and similar expenses	9	<b>(24,351)</b>	(33,993)
<b>Profit before taxation</b>		<b>1,151,909</b>	689,396
Tax credit / (charge) on profit	10	<b>11,773</b>	(133,454)
<b>Profit for the financial period</b>		<b>1,163,682</b>	555,942
<b>Total comprehensive income for the period</b>		<b>1,163,682</b>	555,942

The notes on pages 15 to 26 form part of these financial statements.

All activities relate to continuing operations.

**Statement of financial position as at 31 December 2021**

	Note	As at 31 December 2021 £	As at 31 November 2020 £
<b>Fixed assets</b>			
Intangible assets	11	26,365	11,628
Tangible assets	12	386,360	483,166
		<b>412,725</b>	<b>494,794</b>
<b>Current assets</b>			
Stocks	13	103,638	83,965
Debtors	14	7,999,573	3,680,167
Cash at bank and in hand		675,191	856,507
		<b>8,778,402</b>	<b>4,620,639</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(7,050,693)</b>	<b>(3,893,724)</b>
<b>Net current assets</b>		<b>1,727,709</b>	<b>726,915</b>
<b>Total assets less current liabilities</b>		<b>2,140,434</b>	<b>1,221,709</b>
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(91,508)</b>	<b>(333,691)</b>
Deferred Tax	17	-	(2,774)
<b>Net assets</b>		<b>2,048,926</b>	<b>885,244</b>
<b>Capital and reserves</b>			
Called up share capital	18	100	100
Profit and loss account		2,048,826	885,144
<b>Total shareholders' funds</b>		<b>2,048,926</b>	<b>885,244</b>

The financial statements on pages 12 to 26 were approved and authorised for issue by the board of Directors on 18 October 2022 and were signed on its behalf by:



**J T Sullivan**  
**Director**

Registered number: 10213494

**Statement of changes in equity for the 13 month period ended 31 December 2021**

	Called up share capital £	Profit and loss account £	Total equity £
As at 1 December 2020	100	885,144	885,244
Total comprehensive income for the period	-	1,163,682	1,163,682
<b>As at 31 December 2021</b>	<b>100</b>	<b>2,048,826</b>	<b>2,048,926</b>

**Statement of changes in equity for year ended 30 November 2020**

	Called up share capital £	Profit and loss account £	Total equity £
As at 1 December 2019	100	329,202	329,302
Total comprehensive income for the year	-	555,942	555,942
<b>As at 30 November 2020</b>	<b>100</b>	<b>885,144</b>	<b>885,244</b>

The notes on pages 15 to 26 form part of these financial statements.

## **Notes to the financial statements for the 13 month period ended 31 December 2021**

### **1. General information**

Advanced Supply Chain (Logistics) Ltd's principal business activities are the provision of end-to-end supply chain activities. There have been no significant changes in the Company's principal activities in the period under review. The Company is wholly owned by Advanced Chain Supply Group Limited. The Company is a private Company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is Kelsall House, Stafford Court, Stafford Park 1, Telford, Shropshire, United Kingdom, TF3 3BD.

### **2. Statement of compliance**

The individual financial statements of Advanced Supply Chain (Logistics) Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### **3. Summary of significant accounting policies**

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 periods presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

#### **Basis of preparation of financial statements**

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4 set out below.

The financial statements have been prepared under historical cost convention, the going concern principle and in accordance with applicable accounting standards.

#### **Disclosure exemptions**

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements. The principal disclosure exemptions adopted by the Company in accordance with FRS 102 are as follows:

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d) the preparation of a statement of cash flows; and
- the requirement of Section 33 "Related Party Disclosures" paragraph 33.7, key management personnel compensation; and
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures.

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future performance and position, are set out in the Strategic report on pages 3 to 5. Based on the forecasts prepared and facilities available, the Directors have reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis. The Company has weathered the pandemic well and the growth of the business continues. The company has also received a parental letter of support from the Reconomy Group.

**Notes to the financial statements for the 13 month period ended 31 December 2021 (continued)****3. Summary of significant accounting policies (continued)****Revenue**

Revenue comprises revenue recognised by the Company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts.

**Government grant**

The UK government has offered a range of financial support packages to help companies affected by Coronavirus. Of the offered schemes, the company used the furlough scheme and deferral of VAT payments. The income from the furlough scheme has been recognised within 'other operating income'. They are recognised when the entity has reasonable assurance that they will comply with the conditions attaching the grant, and that the grant will be received as shown in Note 6. This has been accounted for as a government grant under the accruals model as permitted by FRS 102.

**Intangible assets**

Intangible assets are stated at cost less amortisation and consist of computer software and associated licences. Amortisation is provided at rates calculated to write off the assets over their expected useful life over 2 to 5 years on straight line basis.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when recognition criteria are met.

**Tangible assets and depreciation**

Tangible assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	10% - 50% straight line
Fixtures and fittings	20% - 33.33% straight line
Motor vehicles	20% - 33.33% straight line



## **Notes to the financial statements for the 13 month period ended 31 December 2021 (continued)**

### **3. Summary of significant accounting policies (continued)**

#### **Leasing and hire purchase**

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

#### **Operating leases**

Rentals under operating leases are charged to the Statement of comprehensive income on a straight-line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the life of the lease.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

#### **Debtors**

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

#### **Cash at bank and in hand**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### **Creditors**

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

#### **Financial instruments**

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

## **Notes to the financial statements for the 13 month period ended 31 December 2021 (continued)**

### **3. Summary of significant accounting policies (continued)**

#### **Financial instruments (continued)**

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

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### **Interest payable and similar expenses**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

#### **Deferred tax**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

## Notes to the financial statements for the 13 month period ended 31 December 2021 (continued)

### 3. Summary of significant accounting policies (continued)

#### Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the period. The Company is fully compliant with the government Auto Enrolment Scheme.

### 4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors consider that there are no significant estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

#### Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience. See note 14 for the net carrying value of debtors.

### 5. Revenue

All revenue arose within the United Kingdom.

The whole of the revenue and profit before taxation is attributable to the provision of logistics both externally and within the Group to support the overall Group strategy of the integrated supply chain.

### 6. Other operating income

	13 months to 31 December 2021 £	Year ended 30 November 2020 £
Coronavirus Job Retention Scheme	18,384	141,838
<b>Total other operating income</b>	<b>18,384</b>	<b>141,838</b>

## Notes to the financial statements for the 13 month period ended 31 December 2021 (continued)

### 7. Operating profit

The operating profit is stated after charging:

	13 months to 31 December 2021	Year ended 30 November 2020
	£	£
Depreciation of tangible assets	130,125	131,226
Amortisation of intangible assets	17,449	40,552
Auditors' remuneration – audit fees	20,000	15,000
Auditors' remuneration – tax advisory and compliance	3,750	3,750
Defined contribution pension costs	69,603	51,477
Stock recognised as an expense	2,013,660	1,388,605
Operating lease rentals		
Motor vehicles	2,762,814	1,537,402
Exceptional costs relating to restructure	-	28,849

Exceptional costs in the prior year of £28,849 relate to restructuring activities.

The audit fee is borne by the parent company.

### 8. Staff Costs

Staff costs, including Directors' remuneration, were as follows:

	13 months to 31 December 2021	Year ended 30 November 2020
	£	£
Wages and salaries	3,626,100	2,807,108
Social security costs	372,309	271,257
Other pension costs	69,603	51,477
	4,068,012	3,129,842

The average monthly number of employees, including Directors, during the period / year was as follows:

	13 months to 31 December 2021	Year ended 30 November 2020
	No.	No.
Production and other	57	47
Administrative	25	23
	82	70

## Notes to the financial statements for the 13 month period ended 31 December 2021 (continued)

### 8. Staff Costs (continued)

The Directors did not receive any emoluments in respect of their services to the Company (2020: nil). No Directors exercised any share options in this Company during the period (2020: none).

The emoluments of the Directors are paid by Advanced Supply Chain Group Limited. It is not possible to make an accurate apportionment of the emoluments of the Directors between Advanced Supply Chain Group Limited and its subsidiaries. Accordingly, the above details include no emoluments in respect of Directors. The Directors of the Company do not receive remuneration in respect of qualifying services as Directors of this Company.

### 9. Interest payable and similar expenses

	13 months to 31 December 2021	Year ended 30 November 2020
	£	£
Finance leases and hire purchase	15,605	21,365
Invoice factoring	5,609	10,474
Other	3,137	2,154
	<b>24,351</b>	<b>33,993</b>

### 10. Tax (credit) / charge on profit

#### a) Tax expense included in statement of comprehensive income:

	13 months to 31 December 2021	Year ended 30 November 2020
	£	£
<b>Current tax:</b>		
UK corporation tax on profits for the period	-	142,601
<b>Total current tax</b>	-	142,601
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(9,613)	(10,549)
Effect of changes in tax rates	(2,160)	1,402
<b>Total deferred tax (See note 17)</b>	<b>(11,773)</b>	<b>(9,147)</b>
<b>Tax on profit</b>	<b>(11,773)</b>	<b>133,454</b>
<b>Tax (credit) / charge for the period</b>	<b>(11,773)</b>	<b>133,454</b>

## Notes to the financial statements for the 13 month period ended 31 December 2021 (continued)

### 10. Tax (credit) / charge on profit (continued)

#### b) Reconciliation of tax charge

The tax (credit) / charge for the period can be reconciled to the profit per the Statement of comprehensive income as follows:

	13 months to 31 December 2021	Year ended 30 November 2020
	£	£
<b>Profit for the period before tax</b>	<b>1,151,909</b>	<b>689,396</b>
Tax on profit at standard UK corporation tax of 19.0% (2020; 19.0%)	<b>218,863</b>	130,985
Effects of:		
Expenses not deductible	<b>1,294</b>	1,067
Income not taxable	<b>(74,143)</b>	-
Effects of Group relief / other reliefs	<b>(155,627)</b>	-
Effect of change in tax rates	<b>(2,160)</b>	1,402
<b>Current tax (credit) / charge for the period</b>	<b>(11,773)</b>	<b>133,454</b>

In the Spring budget 2021, the UK government announced that from 1 April 2023, the corporation tax rate would increase to 25% (rather than remaining at 19% as previously enacted). This new law was substantially enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 11. Intangible assets

	Total £
<b>Cost</b>	
At 1 December 2020	168,442
Additions	32,186
<b>At 31 December 2021</b>	<b>200,628</b>
<b>Accumulated amortisation</b>	
At 1 December 2020	156,814
Charge for the period	17,449
<b>At 31 December 2021</b>	<b>174,263</b>
<b>Net book value</b>	
<b>At 31 December 2021</b>	<b>26,365</b>
At 30 November 2020	11,628

Intangible assets consist of computer software and associated licences.

## Notes to the financial statements for the 13 month period ended 31 December 2021 (continued)

### 12. Tangible assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost</b>				
At 1 December 2020	63,080	675,440	57,531	796,051
Additions	-	33,319	-	33,319
<b>At 31 December 2021</b>	<b>63,080</b>	<b>708,759</b>	<b>57,531</b>	<b>829,370</b>
<b>Accumulated depreciation</b>				
At 1 December 2020	39,292	231,351	42,242	312,885
Charge for the period	6,445	111,199	12,481	130,125
<b>At 31 December 2021</b>	<b>45,737</b>	<b>342,550</b>	<b>54,723</b>	<b>443,010</b>
<b>Net book value</b>				
<b>At 31 December 2021</b>	<b>17,343</b>	<b>366,209</b>	<b>2,808</b>	<b>386,360</b>
At 30 November 2020	23,788	444,089	15,289	483,166

### 13. Stocks

	As at 31 December 2021 £	As at 30 November 2020 £
Raw materials	103,638	83,965
	<b>103,638</b>	<b>83,965</b>

Stocks are stated after provisions of £nil (2020; £nil).

### 14. Debtors

	As at 31 December 2021 £	As at 30 November 2020 £
Trade debtors	3,928,261	1,509,262
Amounts owed by Group undertakings	3,705,298	1,752,456
Amounts owed by Reconomy Group	2,887	-
Deferred tax	8,998	-
Prepayments and accrued income	354,129	418,449
	<b>7,999,573</b>	<b>3,680,167</b>

Debtors are stated after provisions for bad debts of £53,187 (2020; £86,000).

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

## Notes to the financial statements for the 13 month period ended 31 December 2021 (continued)

### 15. Creditors: amounts falling due within one year

	As at 31 December 2021	As at 30 November 2020
	£	£
Trade creditors	1,326,865	1,734,233
Amounts owed to Group undertakings	92,409	19,042
Corporation tax	-	142,601
VAT payable	1,182,178	485,775
Other taxation and social security	139,070	257,213
Obligations under finance and HP contracts	234,701	116,492
Other creditors	56,850	44,979
Accruals and deferred income	4,018,620	1,093,389
	<b>7,050,693</b>	<b>3,893,724</b>

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

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

	As at 31 December 2021	As at 30 November 2020
	£	£
Finance leases and hire purchase agreements	91,508	333,691

Obligations under finance leases and hire purchase agreements, included above, are payable as follows:

	As at 31 December 2021	As at 30 November 2020
	£	£
Between one and five years	91,508	333,691

Liabilities under finance leases and hire purchase agreements are secured on the financed assets.



## Notes to the financial statements for the 13 month period ended 31 December 2021 (continued)

### 17. Deferred Tax

	As at 31 December 2021 £	As at 30 November 2020 £
Deferred tax (assets) / liabilities:		
Provision at start of the period	2,774	11,920
Deferred tax charge to Statement of comprehensive income for the period	(11,773)	(9,147)
Other	1	1
<b>Provision at end of period</b>	<b>(8,998)</b>	<b>2,774</b>
Fixed asset timing differences	(7,486)	3,531
Short term timing differences - trading	(1,512)	(757)
	<b>(8,998)</b>	<b>2,774</b>
Deferred tax (assets)		
Recoverable within 12 months	(8,998)	(757)
	<b>(8,998)</b>	<b>(757)</b>
Deferred tax liabilities		
Payable within 12 months	-	3,531
	<b>-</b>	<b>3,531</b>

### 18. Called up share capital

	As at 31 December 2021 £	As at 30 November 2020 £
<b>Allotted, called up and fully paid</b>		
100 (2020: 100) Ordinary shares of £1 each	100	100

### 19. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund of £69,603 (2020; £51,477).

## Notes to the financial statements for the 13 month period ended 31 December 2021 (continued)

### 20. Operating lease commitments

At 31 December, the Company was committed to the future minimum lease payments as follows:

	Motor vehicles	
	As at 31 December 2021 £	As at 30 November 2020 £
Within one year	764,249	813,379
Between two and five years	340,860	1,168,796
	<b>1,105,109</b>	<b>1,982,175</b>

### 21. Related party transactions

The Company has taken advantage of the provisions of FRS 102, which does not require disclosure of transactions entered into between companies that are wholly owned within the ASCG Group.

### 22. Ultimate parent undertaking and controlling party

The Company is a subsidiary undertaking Advanced Supply Chain Group Limited.

At the balance sheet date, OS Phoenix Midco Limited is the parent undertaking of the largest group for which the group financial statements have been prepared. These consolidated statements are available at Companies House, Crown Way, Cardiff, CF14 3UZ

The immediate parent undertaking is Advanced Supply Chain Group Limited which shares the same address as Advanced Supply Chain (Logistics) Ltd.

The ultimate parent undertaking and controlling party is OS Phoenix Topco Limited, registered in Jersey at 11-15 Seaton Place, St Helier, Jersey, JE4 0QH.