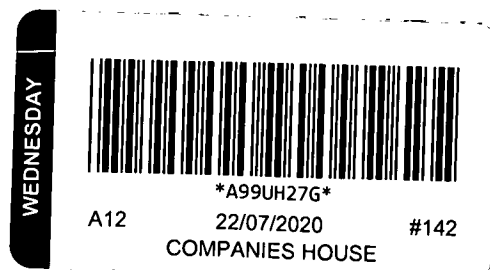


Eddie Stobart Limited

Annual Report and Financial Statements for the year ended 30 November 2019

Company Number: 00995045



02	Company information
03	Strategic Report
08	Directors' Report
10	Statement of Directors' Responsibilities of the Strategic Report, the Directors' Report and the financial statements
11	Independent Auditors' Report to the members of Eddie Stobart Limited
14	Income Statement
15	Statement of Comprehensive Income
16	Balance Sheet
17	Statement of Changes in Equity
18	Notes to the Financial Statements

Company Information

Directors

D Pickering
M J Branigan (appointed 16 March 2020)
B Corrway (appointed 16 March 2020)
D Hargrave (appointed 16 March 2020)
W Stobart (appointed 10 April 2020)

Bankers

Royal Bank of Scotland Plc
Waterloo Street
Bolton
BL1 8FH

Independent Auditors

PricewaterhouseCoopers LLP
No 1 Spinningfields
1 Hardman Square
Manchester
M3 3EB

Registered Office

Stretton Green Distribution Park
Langford Way
Appleton
Warrington
Cheshire
England
WA4 4TQ

Registered Number

00995045

Strategic Report

The Directors present the audited financial statements, the Directors' Report and the Strategic Report, of Eddie Stobart Limited for the year ended 30 November 2019.

Business update

In the second half of the 2019 financial year the Company, and wider Eddie Stobart Logistics Plc Group experienced significant challenges and in November 2019 the Group faced an impending liquidity squeeze resulting from a confluence of well publicised issues.

The Board of Eddie Stobart Logistics plc (the ultimate parent Company at the Balance sheet date), concluded that the transaction with DBAY, which completed on 9 December 2019 and which resulted in £50m¹ being injected into the business via a PIK loan facility and a further £20m of available facilities secured from the senior debt providers was the best option available to ensure the continuing viability of the Eddie Stobart business. The Board was acutely aware of the need for liquidity to ensure the group could continue to meet its obligations to its customers and suppliers and to safeguard the long-term future of the business and its employees.

The group has a new leadership team, including welcoming back William Stobart as Executive Chairman. Following an initial strategic review, which confirmed DBAY's view that Eddie Stobart is a solid business with a robust customer base, a unique transport network and strong operational capabilities, the new leadership team identified its strategic priorities:

- Re-organising and streamlining operations; central costs are being reduced and subsidiary management teams have taken responsibility and accountability for their operations on a fully costed basis. This will enable better visibility of the profitability of each subsidiary business unit;
- Increasing warehouse utilisation levels; under-utilised sites are being filled or exited and enhanced reporting of utilisation levels allows for better planning, which is expected to drive profitability going forward; and
- Re-focusing the customer base; review of the existing customer sectors and focus on areas aligned to the group's core operational capabilities; to drive efficiencies and to improve profitability.

The financial results contained in these financial statements reflect the impact of the well-publicised accounting-related matter and other issues faced by the Company in 2019.

The COVID-19 pandemic started to impact the group's business in the second half of March. Eddie Stobart's unique transport network enabled the business to respond flexibly and to continue to provide high levels of customer service despite of the impact of the pandemic.

During May 2020 we acquired the Eddie Stobart brand which had previously been used under licence. The brand acquisition will give the business control of the iconic 'Eddie Stobart' brand and will enable the continued development of the brand. It will also deliver future savings of £3m per year as Eddie Stobart will not have to pay the annual licence fee that would otherwise have become payable from March 2020.

Principal activities

Eddie Stobart is a leading supplier of logistics solutions to UK businesses encompassing road, rail and warehousing services. The road transport business operates a unique, technology enabled, pay-as-you-go model utilising a shared-user network to maintain high levels of service while delivering a cost effective solutions to our customers. Our rail offering integrates with our general transport operations and allows customers more choice in how we transport their products to market while our warehouse solutions offer technology lead storage and handling solutions to customers on both an open book and pay-as-you-go basis.

Our strategy focuses on developing a balanced portfolio across the following core sectors and delivering long-term value to our customers and shareholders:

- Manufacturing, Industrial & Bulk
- E-Commerce
- Retail
- Consumer

¹ £55m net of £5m retained in Marcelos Limited relating to transaction costs.

Strategic Report (continued)

Principal activities (continued)

We have seen the full year impact of new contract wins in FY18 but also experienced some significant challenges during the year however we have continued to deliver an excellent service to our customers and secured further customer wins in the year in addition to an extension to our contract with Tesco.

Operating and financial review of key performance indicators

Our key performance indicators are:

- Revenue
- Operating profit

Revenue has grown marginally during the year with revenues at £604.1m (2018 restated: £599.7m), up by 0.8% on the prior year. This is driven by the full year impact of FY18 wins including Pepsico and Britvic but offset by the loss of contracts in our MIB sector.

Operating loss before exceptional items increased from £12.5m in 2018 to £17.3m in 2019 primarily driven by lower gross profit margins (2019: 12.5%, 2018: 14.3%). Net assets reduced from £41.3m in 2018 to £5.0m in 2019 driven by both the operating loss and exceptional costs of £13.7m relating to onerous lease provisions and impairment charges of software and assets in the year.

Following the DBay transaction on 9 December 2019 and in the initial strategic review by the new group leadership team, steps have already been taken to implement action plans and focus on the strategic priorities which are expected to positively impact the 2020 results and return the company to a stable footing.

Whilst we remain mindful of the current political and economic uncertainty, we are confident that our unique operating model provides us with the flexibility to respond rapidly to changing market conditions. Most of our operations are in the UK with less than 2% of our revenue generated through crossing the English Channel.

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various Governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and prevent the effects of the COVID-19 virus. These have included health and safety measures for our people like social distancing, deep cleaning of offices and warehouse spaces and working from home.

We continue to follow central Government guidance and advice, and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

Strategic Report (continued)

Our strategy

Our business performance will continue to be driven the group strategy to achieve improved performance from a more stable footing. This will be achieved through:

- Maintaining our market leading customer service position
- Leveraging our unique pay-as-you-go network and consulting-led approach
- Continuing to innovate and invest in technology and our assets
- Building a performing team which is recognised by the industry

The new leadership team has extensive experience in the logistics sector and is continuing is taking steps to bring further stability to the business following the recent challenging period.

Business risks

During the year, the Board is ultimately responsible for setting the Company's risk appetite and for overseeing the effective management of risk. The risk strategy for the company is based on the Group risk framework, the Board of the ultimate parent company has delegated oversight of risk management and internal controls to the Audit Committee. Day to day risk management is the responsibility of the senior management team for the Company and a risk management framework setting out the Company's risk management's processes and procedures is in place. Following the transaction with DBAY on 9 December 2019, the Board of GWSA has established an Audit Committee for the Eddie Stobart businesses who it has delegated the oversight of risk management and internal controls.

A summary of the more significant risks specific to our operations and industry is outlined below.

Economic environment risk

Changes in the economic environment, whether resulting from the UK's decision to withdraw from the EU or otherwise, changing government policy and legislation or other external factors, may adversely affect our business and our customers' businesses. For example: more complex rules for cross border transport and restrictions on the movement of workers from Europe may affect the Company's operations and financial position and changes in the economic environment whether resulting from the COVID-19 pandemic

Mitigation

The Board monitors developments in the economic environment and other factors that may affect investment appetite. Advisers are retained to assist in minimising the impact of adverse changes in the economic environment.

Operating environment risk

Customer demand for outsourced logistics and warehousing services may change, reflecting the changing behaviours of consumers. There may be changes in the availability of high-quality warehouse capacity and other property opportunities to support business growth. New technologies may emerge that change the nature of the logistics industry.

Mitigation

We continually review and monitor market developments including new technologies, property opportunities and emerging logistics business models, and review our strategy accordingly. The Company stays in close contact with its customers to ensure we understand and can respond to their changing needs. We continue to invest in developing our own state of the art technology in order to stay at the forefront of technological expertise in the logistics industry.

People risk

Loss of one or more key members of the senior management team or failure to retain and attract experienced and skilled people at all levels across the business could also have an adverse impact.

Mitigation

During the second half of the financial year and following the DBAY transaction there have been significant changes in the executive management structure of the group and leadership team of the company. These changes bring with them market and logistics sector experience into the business. The management team is appropriately rewarded for its efforts and succession plans are in place across key positions in each of the businesses. We take pride in creating a positive workplace environment, through training, engagement, rewards and values for all positions.

Strategic Report (continued)

Customer risk

Loss of one or more of our key customers could have a material impact on Company revenues.

Mitigation

We believe that the best way to mitigate this risk is to continue to deliver excellent levels of service at competitive rates. We monitor our key customer dependency regularly and seek to balance our exposure to each market sector we operate in by targeting new customer opportunities. We typically have long-standing customer relationships; a number of key relationships have lasted for longer than 15 years. A healthy pipeline of new opportunities is being evaluated. This risk is also mitigated by our strategy of building a balanced portfolio across the sectors we operate in.

Health and safety risk

Our business involves operating vehicles and other assets, and working in environments that can be a risk to people and property. Our primary concern is to minimise, to the extent possible, the risk of harm to people who work in our business or are affected by it.

Mitigation

Induction sessions for new employees (including our drivers and warehouse operatives) involve health and safety training and we run an on-going health and safety training program. We also have a comprehensive suite of health and safety procedures that all new joiners must confirm they will adhere to.

Reputational risk

Our potential to win new business or develop existing relationships could be adversely affected by a material incident and negative press could affect public perception of our brand. Such incidents could include a significant failure to deliver a customer project, wrong-doing or fraud by an employee, breach of our IT security system, a natural disaster such as a fire or flood preventing us from operating from a site or a major health and safety incident.

Mitigation

We have comprehensive processes and procedures in place to manage operational risk and adherence to those processes and procedures is regularly reviewed by our HSEQ team. We also have business continuity plans in place and escalation processes to ensure significant incidents are dealt with promptly and effectively. Our communications with the press are handled by our Head of Communications and experienced external PR advisers.

Systems and technical risk

A failure or unavailability of a key IT system, unauthorised access or a cyber security breach could have a significant impact on operational performance, company reputation and financial performance.

Mitigation

We partner with industry leading, formally accredited data centre hosting providers. All critical core IT infrastructure and data is replicated across dual data centres, to provide resilience and availability. A formal testing programme is in place to provide assurance of recovery in the event of a disaster. We continue to invest in cyber-security solutions, tools and infrastructure in line with industry best practice and provide formal governance and risk management of the cyber security posture through the information security steering Company, which includes senior executive management representation. Independent security testing is regularly conducted by certified, specialist security organisations and we have access to specialist technical forensic resources in the event of a significant cyber incident.

Strategic Report (continued)

Financial risk

Failure to meet covenants in financing documents could result in lack of available funding. Lack of available liquidity could result in the Company being unable to meet its financial obligations. Through its operations, the company is exposed to the following financial risks:

- Funding and liquidity risk.
- Credit risk from trade receivables.
- Foreign exchange risk.

Mitigation

Net debt is monitored on a daily basis and banking facilities are reviewed against future expected cash flow movements to ensure that adequate facilities are in place. The Group transaction with DBAY on 9 December 2019 has provided £70m of additional liquidity.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparts and customers. The revenue from one customer amounted to more than 10% of the Company's total revenue however does not lead to an increased credit risk.

The Company transacts primarily in sterling and therefore has minimal foreign exchange risk.

Legal and regulatory risk

We are required to comply with extensive and complex legal and regulatory requirements. Non-compliance could result in significant fines, reputational damage (and possibly criminal proceedings), withdrawal of operating licenses and closure of sites. Changes in laws and regulations could have an adverse impact on operations and financial performance.

Mitigation

We have systems and procedures in place to ensure compliance with, and to manage the impact of, and changes in, government legislation and regulation such as agency worker regulations, vehicle operating procedures and environmental requirements.

Going concern

The Directors have a reasonable expectation that the Company has sufficient resources to continue in operation for the foreseeable future, a period of at least 18 months from the date of this report.

The Company's liquidity is managed centrally alongside other fellow subsidiaries within the Eddie Stobart Logistics businesses, all of which are controlled by Greenwhitestar Acquisitions Limited ('GWSA'). In making their judgment around the going concern assumption, the Company's Directors have considered the future trading forecasts of the Company and confirmed with the Directors of GWSA that:

- The trading forecasts of the Company are included within the forecasts for the Group as a whole.
- The trading forecasts for the Group show sufficient headroom with regards to liquidity and covenant compliance such that the use of the going concern assumption is appropriate.
- The GWSA Directors have considered sensitivities to their forecasts, which we believe adequately cover any sensitivities that may be relevant to the Company. Sensitivities considered included COVID-19, potential changes to trading volumes and potential changes to working capital compared to the Group's trading forecasts.
- Under some of these scenarios, the Group may require support to meet its liquidity needs and/or comply with banking covenants.
- The Directors of GWSA have received confirmation of parental support from its ultimate controlling party, DBAY Advisors Limited, should such circumstances arise and, in turn, GWSA has confirmed its parental support to the Company under such circumstances.

On the basis of the above, the Directors of the Company continue to adopt the going concern basis of accounting in preparing the annual financial statements.

On behalf of the Board



Brian Corrway
Director
14 July 2020

Directors' Report

The directors present their report and the audited financial statements for the year ended 30 November 2019.

Results and proposed dividend

The loss for the year, after taxation, amounted to £31.6m (2018 loss of £13.4m). No dividends were either paid or proposed for the current or preceding year.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

D Pickering
D Harte (resigned 31 March 2019)
A Laffey (resigned 22 August 2019)
D K Meir (resigned 6 September 2019)
R HC Nichols (resigned 19 March 2020)
J P Court (appointed 18 December 2019, resigned 10 April 2020)
S R Desreumaux (appointed 20 September 2019, resigned 16 December 2019)
M J Branigan (appointed 16 March 2020)
B Corrway (appointed 16 March 2020)
D Hargrave (appointed 16 March 2020)
W Stobart (appointed 10 April 2020)

Donations

Charitable donations totalling £2,087 were made during the year (2018: £149,856). There were no political donations during the current or prior year.

Disabled persons and employee involvement

Our policy during the 2019 financial year was to employ the best people irrespective of race, gender, nationality, disability or sexual orientation. Consultation with employees or their representatives occurred regularly, with the aim of ensuring employees' views were taken into account when decisions are made that are likely to affect their interests.

Factors affecting the performance of the Company are shared with employees as part of the notifications of half-yearly and annual results and updates about significant events are communicated on the internal intranet as well as on noticeboards and in cab devices for the driver community

Future developments

The strategic report sets our strategy for growth and 2020 priorities. The new leadership of the Group has the following key priorities:

- Re-organising and streamlining operations
- Increasing warehouse utilisation levels
- Re-focusing the customer base

Events since the balance sheet date

Any significant events since the balance sheet date that would require disclosure in the financial statements have been outlined in note 28.

Research and development

We undertake research and development activities, predominantly in connection with our continued investment in IT systems and technologies that help us deliver logistics solutions to our customers.

Directors' Report (continued)

Directors' indemnities

The Company's articles of association allow the indemnification of Directors out of the assets of the Company to the extent permitted by law.

Financial risk management

The Company has financial risk management objectives and policies in place as noted in the strategic report. The Company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk, liquidity risk and foreign exchange risk.

Price risk

Competitive pressures within the industry is a continuing risk for the Company which could result in losing sales to competitors. The Company manages the risk by maintaining strong relationships with customers and being an industry leader.

Credit and cash flow risk

The Company's principal financial assets are cash at bank and trade debtors. The Company's credit risk is primarily attributable to its trade debtors which is managed through the use of an invoice discounting facility, however the risk and rewards of trade debtors remain with the company. The amounts presented in the balance sheet are net of impairment and expected credit loss provision.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparts and customers. The revenue from one customer amounted to more than 10% of the Company's total revenue however does not lead to an increased credit risk.

Liquidity risk

The Company manages its cash flows to ensure that it has sufficient available funds for operations and planned expansions. The Group transaction with DBAY on 9 December 2019 has provided £70m of additional liquidity.

Foreign exchange risk

The Company transacts primarily in sterling and therefore has minimal foreign exchange risk. The Company does not have any forward foreign exchange contracts.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

On behalf of the Board



Brian Corrway
Director

14 July 2020

Statement of directors' responsibilities of the Strategic Report, the Directors' Report and 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 101 "Reduced Disclosure Framework", 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 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 101, 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 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.

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.

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.

On behalf of the Board



Brian Corrway
Director

14 July 2020

Independent auditors' report to the members of Eddie Stobart Limited

Report on the audit of the financial statements

Opinion

In our opinion, Eddie Stobart Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 for the year ended 30 November 2019 (the "Annual Report"), which comprise: the Balance Sheet as at 30 November 2019; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 year ended 30 November 2019 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 of the Strategic Report, the Directors' Report and the financial statements set out on page 10, 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.

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. 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.

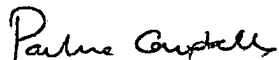
Other required reporting

Companies Act 2006 exception reporting

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

- we have not received 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.



Pauline Campbell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
15 July 2020

Income Statement

for the year ended 30 November 2019

		Year ended 30 November 2019	Year ended 30 November 2018
	Note	£'000	£'000
Turnover	3	604,054	599,700
Cost of sales		(528,557)	(513,928)
Gross profit		75,497	85,772
Administration expenses – other		(93,314)	(98,832)
Administration expenses – exceptional	4	(13,713)	-
Total administrative expenses		(107,027)	(98,832)
Other operating income	5	553	553
Loss from operating activities: including exceptional costs		(30,977)	(12,507)
Loss from operating activities: before exceptional costs	6	(17,264)	(12,507)
Finance income	9	23	81
Finance expense	10	(2,475)	(1,976)
Net finance expense		(2,452)	(1,895)
Loss on ordinary activities before taxation		(33,429)	(14,402)
Income tax credit	11	1,811	996
Loss for the financial year		(31,618)	(13,406)

The notes on pages 18 to 42 form part of the financial statements.

Statement of Comprehensive Income

for the year ended 30 November 2019

	Year ended 30 November 2019	Year ended 30 November 2018
	£'000	£'000
Loss for the year	(31,618)	(13,406)
<i>Items that may be reclassified subsequently to the income statement:</i>		
Exchange differences on translation of loans to fellow group companies	-	512
Other comprehensive income for the year:	-	512
Total comprehensive expense	(31,618)	(12,894)

The notes on pages 18 to 42 form part of the financial statements

Balance Sheet

as at 30 November 2019

		30 November 2019	30 November 2018
	Note	£'000	£'000
Non current assets			
Intangible assets	12	5,340	12,031
Property, Plant and Equipment	13	54,331	50,318
Investments	14	750	-
Deferred tax	11	5,984	2,919
		66,405	65,268
Current assets			
Stocks	15	2,024	2,580
Debtors	16	249,454	245,224
Cash at bank and in hand		2,618	2,918
		254,096	250,722
Creditors: amounts falling due within one year	17	(209,014)	(182,155)
Net current assets		45,082	68,567
Total assets less current liabilities		111,487	133,835
Creditors: amounts falling due after more than one year	18	(83,779)	(74,524)
Provisions for liabilities	19	(22,694)	(17,495)
Net assets		5,014	41,816
Capital and reserves			
Called up share capital	21	21,434	21,434
Translation reserve	22	-	103
Retained (deficit) / earnings		(16,420)	20,279
Shareholders' funds		5,014	41,816

The notes on pages 18 to 42 form part of the financial statements.

The financial statements of Eddie Stobart Limited on pages 14 to 42 were approved by the Board of Directors and signed on its behalf by:



Brian Conway
Director

14 July 2020

Statement of Changes in Equity

For the year ended 30 November 2019

	Share capital £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 December 2017	21,434	(409)	24,560	45,585
Loss for the year	-	-	(13,406)	(13,406)
Other comprehensive income	-	512	-	512
Share based payment charge	-	-	754	754
Business combinations under common control	-	-	8,371	8,371
Total comprehensive income / (expense) for the year	-	512	(4,281)	(3,769)
Balance at 30 November 2018	21,434	103	20,279	41,816
Change in accounting Policy - IFRS 9 & 15 transition	-	-	(5,184)	(5,184)
Loss for the year	-	-	(31,618)	(31,618)
Transfer	-	(103)	103	-
Total comprehensive (expense) for the year	-	(103)	(36,699)	(36,802)
Balance at 30 November 2019	21,434	-	(16,420)	5,014

The notes on pages 18 to 42 form part of the financial statements.

Notes to the financial statements

for the year ended 30 November 2019

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Eddie Stobart Limited (the "Company") for the year ended 30 November 2019 were authorised for issue by the Board of Directors on 14 July 2020 and the Balance Sheet was signed on the Board's behalf by Brian Corrway. Eddie Stobart Limited is a private limited company, limited by shares, incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated. The financial statements represent 12 months of reported information for the year ended 30 November 2019 and 12 months of reported information for the year ended 30 November 2018.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it was a wholly owned subsidiary of Eddie Stobart Group Limited part of the Eddie Stobart Logistics plc group as at 30 November 2019. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking (during the year), Eddie Stobart Logistics plc includes the Company in its consolidated financial statements. The consolidated financial statements of Eddie Stobart Logistics plc are prepared in accordance with International Financial Reporting Standards. Copies of these consolidated accounts can be obtained from its registered office Stretton Green Distribution Park, Langford Way, Appleton, Warrington, Cheshire, England, WA4 4TQ. On 9 December 2019 the intermediate parent undertaking changed to Greenwhitestar Acquisitions Limited, which will include the Company in its consolidated financial statements following this date.

2. Accounting policies

2.1 Basis of preparation

The Company accounting policies set out below have been applied consistently to all years in these Financial Statements, other than where new policies have been adopted. These financial statements have been prepared on a going concern basis, in accordance with The Companies Act 2006 as applicable to companies using FRS 101 and under the historic cost convention.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

- a) the requirements of IFRS 7 Financial Instruments;
- b) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
 - ii. paragraph 118(e) of IAS 38 Intangible Assets;
 - iii. paragraph 73(e) of IAS 16 Property Plant and Equipment;
- c) the requirements of IAS 7 Statement of Cash Flows;
- d) the requirements of paragraphs 10(d), 10(f), 39 (c), 40(d), 111 and 134-136 of IAS 1 Presentation of Financial Statements
- e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- f) the requirement of paragraph 17 of IAS 24 Related Party Disclosures;
- g) the requirement in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- h) the requirement of paragraphs 134(d)-134(f) and 135(c)-(e) of IAS 36 Impairment of Assets;
- i) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 "Share Based Payment", because the share based payment arrangement concerns the instruments of another group entity.
- j) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

Notes to the financial statements (continued)

for the year ended 30 November 2019

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

Going concern

The Directors have a reasonable expectation that the Company has sufficient resources to continue in operation for the foreseeable future, a period of at least 18 months from the date of this report.

The Company's liquidity is managed centrally alongside other fellow subsidiaries within the Eddie Stobart Logistics businesses, all of which are controlled by Greenwhitestar Acquisitions Limited ('GWSA'). In making their judgment around the going concern assumption, the Company's Directors have considered the future trading forecasts of the Company and confirmed with the Directors of GWSA that:

- The trading forecasts of the Company are included within the forecasts for the Group as a whole.
- The trading forecasts for the Group show sufficient headroom with regards to liquidity and covenant compliance such that the use of the going concern assumption is appropriate.
- The GWSA Directors have considered sensitivities to their forecasts, which we believe adequately cover any sensitivities that may be relevant to the Company. Sensitivities considered included COVID-19, potential changes to trading volumes and potential changes to working capital compared to the Group's trading forecasts.
- Under some of these scenarios, the Group may require support to meet its liquidity needs and/or comply with banking covenants.
- The Directors of GWSA have received confirmation of parental support from its ultimate controlling party, DBAY Advisors Limited, should such circumstances arise and, in turn, GWSA has confirmed its parental support to the Company under such circumstances.

On the basis of the above, the Directors of the Company continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.2 Changes in accounting policy and disclosures

The Company has implemented IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers, both effective for the first time for the financial year beginning on 1 December 2018. See note 29 for full details of the implementation and its effects. The Company has applied the modified retrospective method and therefore the comparative periods have not been restated.

IFRS 16 was issued in January 2016 and is effective for the first time for the financial year beginning 1 December 2019, eliminating the classification of leases as operating leases or finance leases and setting out a single lease accounting model. The measurement of the impact is still under review but is expected to be material for the company.

2.3 Judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimates means that actual outcomes could differ from those estimates. The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

(i) Dilapidations – the Company has a significant warehouse portfolio. In assessing the potential liability at the end of each lease the Company commissioned a third party qualified surveyor report and sought advice from other property specialists who have extensive industry and portfolio knowledge. Such an estimate is in its nature subjective due to the variations between the different sites, the future use of the building and overall level of dilapidations required at the end of the lease which could have a material impact on the provision. The provision held as at 30 November 2019 is £11.7m. In estimating this provision, management has made the judgment that certain sites will be subject to redevelopment by the landlord, which reduces the dilapidation obligation. In addition, management have made judgments around how potential lease extensions may impact dilapidation obligations. Four sites are impacted by these particular judgments and, if the outcome is different to the judgment made, this could (decrease)/increase the provision by c£(1.6)m/£7.3m. It is also possible that the dilapidation liabilities may be settled, in negotiation, for less than the amount provided. Management will continue to assess its estimate in line with experience.

Notes to the financial statements (continued)

for the year ended 30 November 2019

2. Accounting policies (continued)

2.3 Judgments and key sources of estimation uncertainty (continued)

(iii) Onerous leases – the Company has identified an onerous lease relating to a number of specialist vehicles as at 30 November 2019. This has resulted in an onerous lease provision of £1.5m and impairment of assets of £0.4m, based on the remaining term of the lease as there is no contractual break clause, unless, an early termination date is known and confirmed. This involves an estimate of the residual values of the assets on lease and any sale gain/loss that could occur upon disposal of the assets prior to the end of the lease term. Unless an early termination date is confirmed it is assumed that all leases will run to the end of the term, the earliest of which is July 2022, the latest November 2025. There could be a material release of the provision or impairment based on the timing of any sale of assets or the recoverable value.

2.4 Significant accounting policies

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date (when control is transferred to the Company). The Company measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

For businesses combinations under common control, the company utilises a policy of recognising any assets and liabilities acquired at predecessor book values with any difference between the book values of the net assets acquired and the consideration paid or payable being presented within equity.

Foreign currency

(i) Foreign currency transactions - transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Financial instruments

(i) Non-derivative financial assets - loans and receivables, including financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, and trade and other receivables. Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the company in the management of its short-term commitments.

ii) Non-derivative financial liabilities - financial liabilities are recognised initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument. The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Notes to the financial statements (continued)

for the year ended 30 November 2019

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities comprise loans and borrowings, debt securities issued, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

(iii) Share capital - ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Property, plant and equipment

Items of property, plant and equipment (PP&E) are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use including any directly attributable capitalised borrowing costs and an estimate of any future costs of dismantling and removing the items and restoring the site on which they are located.

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives.

Depreciation is generally recognised within administrative expenses in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for significant items of property, plant and equipment are as follows:

- Land and buildings: 1%-5% per annum straight line, or period of lease if shorter
- Plant and machinery: 3-7 years straight line and between 15%-20% reducing balance as appropriate
- Fixtures fittings and equipment: 3-7 years straight line and between 15%-33% reducing balance as appropriate
- Commercial vehicles: 3-10 years straight line and 25% reducing balance as appropriate

Assets under construction

Assets under construction at operating depots are capitalised as assets-under-construction. The cost of assets-under-construction comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Assets-under-construction amounts related to development projects are presented as a separate asset within PP&E. Assets-under-construction is not depreciated. Once the asset is complete and available for use, depreciation is commenced.

Intangible assets and goodwill

These comprise software development and implementation costs, trademarks and brands and are stated at cost less accumulated amortisation and impairment (see below). Costs incurred in developing the Company's own brands are expensed as incurred.

Separately acquired brands and customer lists are shown at historical cost. Software, brands and customer lists acquired in a business combination are recognised at fair value at the acquisition date.

These assets are deemed to have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives.

Notes to the financial statements (continued)

for the year ended 30 November 2019

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Intangible assets and goodwill (continued)

Goodwill that arises on the acquisition of subsidiaries is presented within intangible assets. The measurement of goodwill at initial recognition is explained in the basis of consolidation policy set out above. Subsequently, goodwill is measured at cost less accumulated impairment losses.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Intangible assets and goodwill (continued)

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 the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Intangible assets-under-construction comprises of purchase price and development costs in bringing an asset to a useable or sellable condition. Assets under construction are not amortised until they are brought into use.

Computer software development costs recognised as assets are amortised over the estimated useful lives.

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset. These are as follows:

- Software development and licences; 3 years.
- Rights to trademarks, brand names and customer relationship lists; 6 to 15 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

(i) Non-derivative financial assets - a financial asset not classified as fair value through profit or loss, is subject to the expected credit loss model for impairment as required by IFRS 9. The company applies this model to its trade receivables and accrued income, using the simplified approach as permitted by IFRS 9. The determination of expected credit losses requires judgment and the Company has developed a methodology for estimating the probability of default using historic information and also considering the impact of any relevant forward-looking information.

(ii) Non-financial assets - the carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of

Notes to the financial statements (continued)

at 30 November 2019

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Impairment (continued)

impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment or earlier if there are impairment indicators present. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to Company's of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

The Company classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

All of the company's financial assets are held at amortised cost with the exception of derivatives, which are held at fair value through profit and loss.

Trade receivables

Trade and other receivables are stated at their fair value on initial recognition and subsequently at amortised cost, i.e. fair value less any expected credit losses.

The Company applies the simplified approach permitted by IFRS 9 to trade receivables, which requires the use of the lifetime expected loss provision for all receivables, including contract assets (accrued income). The provision calculations are based on historic credit losses and relevant forward-looking data. This approach is followed for all receivables unless there are specific circumstances, such as the bankruptcy of a customer or emerging market risks, which would render the receivable irrecoverable and therefore require a specific provision.

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Company has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Company has retained late payment and credit risk. The company therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing. The company considers that the 'held to collect' business model remains appropriate for these receivables, and hence it continues measuring them at amortised cost.

Notes to the financial statements (continued)

for the year ended 30 November 2019

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. No expected credit loss provision is held against cash and cash equivalents as the expected credit loss is negligible.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Employee benefits

(i) Short-term employee benefits - short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans - a defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined based on the expected future cash flows. When it has a material effect, these are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of any discount is recognised as a finance cost. The policies used to determine specific provisions are:

(i) Dilapidations - provisions are established over the life of leases to cover remedial work necessary at termination under the terms of those leases. Guidance for the total cost is made with reference to independent third party quantity surveyors reports and spread over the terms of the lease.

(ii) Motor Insurance – a provision is recognised based on the expected costs of claims related to motor accidents that are not covered by insurance premiums. The expected costs of claims is based on the advice of the Company's external insurance advisers.

(iii) Employee claims - a provision for employee claims is recognised on an individual basis based on the advice of the Company's external advisers.

Notes to the financial statements (continued)

for the year ended 30 November 2019

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Revenue

The Company has applied IFRS 15 Revenue from Contracts with Customers and has adopted the modified retrospective method with no restatement of comparatives.

The Company's contracts are for the provision of transport and warehousing services and the Company recognises revenue from contracts as the performance obligations under these contracts are satisfied. Revenue is recognised over time as the customer will simultaneously receive and consume the services or goods provided. The Company does not adjust its transaction price for the time value of money as it does not expect to have any contracts which include a significant financing arrangement. Where revenue is recognised in advance of amounts being invoiced this is included as accrued income. Where payment is received in advance of revenue being recognised this is included as deferred revenue.

Customer contracts are disaggregated into their component performance obligations. Further detail is given in the table below:

Area	Explanation	Revenue recognition
Open book revenue	Open book contracts will typically cover costs plus an agreed fixed or variable management fee.	Revenue relating to costs to serve the customer are invoiced in line with the customer receiving and consuming benefits under the contract, and is recognised in the period in which it is earned. Performance obligations are measured against minimum service level agreements.
Closed book revenue	Revenue for closed book contracts is recognised based on a pre-agreed rate-card per unit/ delivery	Revenue based on a pre-agreed rate-card is recognised as services are provided, in line with the customer receiving and consuming benefits under the contract.
Performance-related revenue	Revenue linked to performance measures, such as Key Performance Indicators (KPIs) and gain-share mechanisms.	Variable revenue is recognised to the extent the performance obligation has been satisfied and it is highly probable a significant revenue reversal will not occur.
Sale of goods	Sale of goods to final consumers	Revenue on sale of goods is recognised at the point in time the customer receives control of the goods.

Notes to the financial statements (continued)

for the year ended 30 November 2019

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Government grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised.

Leases

(i) Leased assets - assets held by the Company under leases which transfer substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognised in the Balance Sheet.

(ii) Lease payments - payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Where leases contain escalation clauses that stipulate specific increases to the rental payable, the operating lease expense is recorded on a straight-line basis. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings, and the unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Exceptional items

Items that are material in size or nature are presented as exceptional items in the income statement. The Directors are of the opinion that the separate recording of exceptional items provides helpful information about the Company's underlying business performance. Events which may give rise to the classification of items as exceptional include restructuring of business units and the associated legal and employee costs, costs associated with business acquisitions, and other significant gains or losses.

In the current year items related to the impairment charge, costs associated with the sale transaction, deferred consideration, onerous lease and associated exit and asset impairment costs, intangible asset impairment and associated contract exit costs, and restructuring costs have been treated as exceptional costs (see note 4).

Notes to the financial statements (continued)

for the year ended 30 November 2019

2. Accounting policies (continued)**2.4 Significant accounting policies (continued)*****Tax***

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax - is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred tax - is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Share-based payments

The ultimate parent company of ESL (Eddie Stobart Logistics plc) operates an employee share scheme, which the employees of ESL benefit from. The benefits received as part of the scheme are treated as a capital contribution by ESL, the total of which is due to Eddie Stobart Logistics plc at year end.

Notes to the financial statements (continued)

for the year ended 30 November 2019

3. Turnover

The turnover and profit before taxation are attributable to the principal activity of the Company and stated net of VAT.

	Year ended 30 November 2019 £'000	Year ended 30 November 2018 £'000
Transportation services	604,054	599,700
Provision of services	-	-
	604,054	599,700

4. Exceptional Items

	Year ended 30 November 2019 £'000	Year ended 30 November 2018 £'000
Onerous lease provision	3,063	-
Software impairment and associated exit costs	7,415	-
Impairment charge	3,235	-
	13,713	-

Onerous lease provision of £3.1m has arisen due to an impairment of and onerous lease on assets following the exit from an underperforming contract in the year.

Software impairment and exit costs relates to an ongoing software development project that due to the uncertainty and changes to the business has been put on hold. The financial benefits of the project will need to be reviewed after the pandemic and as a result the project no longer meets the recognition criteria for an intangible asset and therefore an impairment has been recognised for the full asset value along with a provision recognised for the expected costs of exiting the project.

Impairment charges of £3.2m relates to the assets within one property where the net book value of assets held at 30 November 2019 is higher than the expected recoverable value and it is the Company's intention to sell the assets.

5. Other operating income

	Year ended 30 November 2019 £'000	Year ended 30 November 2018 £'000
Government grants	553	553

Notes to the financial statements (continued)

for the year ended 30 November 2019

6. (Loss) from operating activities

This is stated after charging / (crediting):

	Year ended 30 November 2019 £'000	Year ended 30 November 2018 £'000
Auditors' Remuneration		
Fees payable in respect of the audit of the financial statements	125	100
Fees payable in respect of tax advisory services	-	-
Intangible amortisation	4,062	3,758
Depreciation of Plant, Property & Equipment	16,516	6,608
Operating lease payments – land and buildings	25,479	34,006
Operating lease payments – other	54,990	44,091
Tangible fixed asset impairment recognised as exceptional	5,609	-
Intangible fixed asset impairment recognised as exceptional	4,215	-
Loss/ (gain) on sale of fixed assets	-	(2,934)
Net foreign currency exchange differences	43	319

7. Directors' emoluments

The directors A Laffey and D Harte and S.Desreumaux were former directors of the ultimate parent company Eddie Stobart Logistics plc and received their remuneration from that Company. Their total emoluments are disclosed in the financial statements of that company, which are publicly available. No specific recharge is made by Eddie Stobart Logistics plc, in respect to their qualifying services to Eddie Stobart Limited and the directors do not believe that it is practical to apportion their remuneration between their services as directors of the Company and their services as directors of the ultimate parent company. Therefore there is no disclosure of directors' emoluments in respect of these directors.

D K Meir, RHC Nichols and D Pickering were directors of fellow group subsidiary, ESLL Group Limited. Their total emoluments are disclosed in the financial statements of that company, which are publicly available. The directors do not believe that it is practical to apportion the remuneration of D K Meir, RHC Nichols and D Pickering between services as director of the Company and services as directors of ESLL Group Limited.

Notes to the financial statements (continued)

for the year ended 30 November 2019

8. Staff costs

	Year ended 30 November 2019 £'000	Year ended 30 November 2018 £'000
Wages and salaries	146,638	143,947
Social security costs	13,448	14,445
Share based payment costs	-	754
Other pension costs	4,224	3,478
	164,310	162,624

The ultimate parent company operates an equity settled staff incentive plan, recharges to the subsidiaries that employee the staff who benefit from this scheme are made. The scheme commenced for the first time in the year ended 30 November 2018. The Company is availing of the exemptions under FRS 101 for disclosure requirements of equity instruments from another group. A full detail of the scheme is publicly available in the accounts of Eddie Stobart Logistics plc.

Average monthly number of employees	Year ended 30 November 2019	Year ended 30 November 2018
Total operational	2,959	2,957
Total administration	1,661	1,460
Total management	25	34
Total employees	4,645	4,451

9. Finance income

	Year ended 30 November 2019 £'000	Year ended 30 November 2018 £'000
Bank interest receivable	8	3
Interest receivable from group companies	15	78
	23	81

10. Finance expense

	Year ended 30 November 2019 £'000	Year ended 30 November 2018 £'000
On bank loans and overdrafts	2,149	1,238
Finance lease interest	326	584
Interest due to group Company	-	154
	2,475	1,976

Notes to the financial statements (continued)

for the year ended 30 November 2019

11. Income tax

(a) Tax on loss.

The tax credit is made up as follows:

	Year ended 30 November 2019	Year ended 30 November 2018
	£'000	£'000
Current tax:		
Current year	1,553	-
Adjustments in respect of previous year	(299)	445
Total current tax	1,254	445
Deferred tax:		
Current year	(4,789)	(1,330)
Change in tax rate	504	223
Adjustment in respect of previous years	1,220	(334)
Total deferred tax	(3,065)	(1,441)
Tax credit on profit	(1,811)	(996)

(b) Factors affecting tax charge for the year.

The tax credit assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	Year ended 30 November 2019	Year ended 30 November 2018
	£'000	£'000
Loss on ordinary activities before taxation	(33,429)	(14,402)
The loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(6,352)	(2,736)
Effects of		
Group relief surrendered	1,262	-
Adjustment to tax charge in respect of previous periods	920	110
Expenses not deductible for tax purposes	849	802
Effect of tax rate changes	504	122
Deferred tax not recognised	157	-
Intangibles not deductible for tax purposes	849	706
Total tax for the year (note 11(a))	(1,811)	(996)

Notes to the financial statements (continued)

for the year ended 30 November 2019

11. Income tax (continued)

(c) Deferred tax

The movement on the deferred tax asset during the year was as follows:

	Year ended 30 November 2019	Year ended 30 November 2018
	£'000	£'000
At 1 December	2,919	1,433
Adjustment in respect of prior years	(1,220)	334
Deferred tax credit	4,285	1,116
Transfer of trade	-	36
At 30 November	5,984	2,919

Deferred tax assets have been recognised in respect of accelerated capital allowances (£0.6m), temporary differences (-£0.1m) and carried forward losses (£5.5m) as it is probable these assets will be recovered.

In the Spring Budget 2020, the Government announced that the previously enacted decrease in the corporate tax rate from 19% to 17% from 1 April 2020 would no longer happen and that rates would remain at 19% for the foreseeable future. The new law was substantively enacted by a resolution under the Provisional Collection of Taxes Act 1968 on 17 March 2020.

As the change had not been substantively enacted at year-end, following a review of the expected maturity profile of the deferred tax liability a rate of 17% has continued to be applied at 30 November 2019 (rate applied at 30 November 2018 was 17%).

Notes to the financial statements (continued)

for the year ended 30 November 2019

12. Intangible assets

	Goodwill	Brand names	Software	Software under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 December 2018	1,327	22,300	2,447	3,560	29,634
Additions	-	-	408	1,693	2,101
Disposals	-	-	(491)	(538)	(1,029)
Transfer from property, plant & equipment	-	-	-	492	492
Impairment	-	-	-	(4,215)	(4,215)
At 30 November 2019	1,327	22,300	2,364	992	26,983
Accumulated amortisation and impairment					
At 1 December 2018	-	17,535	68	-	17,603
Disposals	-	-	(22)	-	(22)
Amortisation charge for the year	-	3,717	345	-	4,062
Impairment	-	-	-	-	-
At 30 November 2019	-	21,252	391	-	21,643
Net book value					
At 30 November 2018	1,327	4,765	2,379	3,560	12,031
At 30 November 2019	1,327	1,048	1,973	992	5,340

Brand names comprise the Eddie Stobart trademark and designs, which have been licenced by the Company and are amortised over six years being the period of the licence agreement.

Amortisation for the year has been charged to the Income Statement under Administration expenses – other.

Software impairment relates to an ongoing software development project held in Software under construction, that due to the uncertainty and changes to the business has been put on hold. The financial benefits of the project will need to be reviewed after the pandemic and as a result the project no longer meets the recognition criteria for an intangible asset and therefore an impairment has been recognised in Administration expenses – exceptional for the full asset value.

Goodwill is considered to have an indefinite useful life because there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the Company.

Notes to the financial statements (continued)

for the year ended 30 November 2019

13. Property, Plant and Equipment

	Land & buildings	Commercial vehicles	Plant and machinery	Fixtures, fittings and equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 1 December 2018	33,838	34,475	16,892	12,214	1,270	98,689
Additions in the year	10,966	9,217	4,892	1,072	2,896	29,043
Disposals	(183)	(23,459)	(1,104)	(99)	(140)	(24,985)
Transfers to intangible assets	-	-	-	-	(492)	(492)
At 30 November 2019	44,621	20,233	20,680	13,187	3,534	102,255
Accumulated depreciation at 1 December 2018	2,241	25,463	11,545	9,122	-	48,371
Charge for the year	8,142	2,729	4,597	1,048	-	16,516
Impairment	5,043	-	566	-	-	5,609
Disposals	(21)	(21,614)	(821)	(116)	-	(22,572)
Transfers between asset categories	36	8	(33)	(11)	-	-
At 30 November 2019	15,441	6,586	15,854	10,043	-	47,924
Net book value						
At 30 November 2018	31,597	9,012	5,347	3,092	1,270	50,318
At 30 November 2019	29,180	13,647	4,826	3,144	3,534	54,331

The value of land not depreciated is £nil (2018: £nil).

The figures stated above include assets held under finance leases and similar hire purchase contracts as follows:

	Freehold & leasehold land & buildings	Commercial vehicles	Plant and machinery	Fixtures, fittings and equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Net book value at 30 November 2018	1,477	10,745	1,423	-	-	13,645
Net book value at 30 November 2019	-	12,919	1,680	500	-	15,099

Notes to the financial statements (continued)

for the year ended 30 November 2019

14. Investments

	Subsidiary Undertakings £'000	Joint Ventures £'000	Total investments £'000
Balance at 1 December 2018	-	-	-
Addition	750	-	750
Balance at 30 November 2019	750	-	750

At 30 November 2019, the Company had interests in the following directly held subsidiary undertakings, associated undertakings and joint ventures:

Company name	Business activity	Registered address	% holding (if not 100%)	Country of incorporation
Directly held subsidiary undertakings				
Stobart Truckstops Limited	Logistics support	a		United Kingdom
Associated undertakings				
Eddie Stobart Logistics Europe NV	Contract logistics	b	0.01%*	Belgium
Joint ventures				
IPS at Eddie Stobart Limited	Contract logistics	c	50%	United Kingdom

* The remaining 99.9% is held by immediate parent undertaking Eddie Stobart Group Limited.

Address key:

- (a) Stretton Green Distribution Park, Langford Way, Appleton, Warrington, Cheshire, England, WA4 4TQ.
- (b) Eikelaarstraat 28, 3600 Genk, Belgium.
- (c) C/O Culina Group Limited, Shrewsbury Road, Market Drayton, TF9 3SQ.

For all entities, the proportion of voting rights held equated to the proportion of ownership interests held. All entities are incorporated and have the same year end dates, with the exception of joint ventures which have a 31 December year end.

During the year, the Company subscribed for 750,000 shares at £1 per share in its wholly owned subsidiary Stobart Truckstops Limited and received dividends of £nil (2018: £nil) from IPS at Eddie Stobart Limited.

15. Stocks

	30 November 2019 £'000	30 November 2018 £'000
Fuel and lubricants	1,888	2,580
Consumable supplies	136	-
	2,024	2,580

Purchases of these goods during the year are charged directly to the Income Statement.

Notes to the financial statements (continued)

for the year ended 30 November 2019

16. Debtors

	30 November 2019 £'000	30 November 2018 £'000
Trade debtors	96,270	105,819
Amounts due from group companies	104,700	83,120
Amounts due from joint ventures	-	553
Prepayments and accrued income	25,368	51,785
Corporation tax recoverable	8,732	3,557
Other debtors	14,384	390
	249,454	245,224

Amounts owed from group companies are repayable on demand, unsecured and interest free.

Trade receivables are stated after an expected credit loss provision of £2.6m.

17. Creditors: amounts falling due within one year

	30 November 2019 £'000	30 November 2018 £'000
Bank overdraft	-	4,762
Trade creditors	64,869	76,275
Amounts owed to group companies	23,708	9,556
Social security costs and other taxes	5,341	10,588
Accruals and deferred income	39,819	39,524
Amounts due under finance leases	4,091	3,611
Loans and borrowings	69,233	37,839
Deferred lease incentive	1,953	-
	209,014	182,155

The bank overdraft was secured by a fixed and floating charge over the assets of the Company, and by cross guarantees with group and related undertakings.

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Amounts owed to group companies are repayable on demand, unsecured and interest free.

Loans and borrowings relate to the invoice discounting finance facility of up to £110m (2018: £85.0m) though normally restricted to £100m (2018: £75.0m), which is dependent upon and secured against assets within the Group. The facility is subject to a variable rate of interest and is in place until 2021. As at 30 November 2019 that balance drawn down against the invoice discounting finance facility is £69.2m (2018: £37.8m).

Notes to the financial statements (continued)

for the year ended 30 November 2019

18. Creditors: amounts falling due after more than one year

	30 November 2019 £'000	30 November 2018 £'000
Amounts due under finance leases	10,679	5,254
Deferred lease incentive	17,214	51,714
Accruals and deferred income	55,886	17,556
	83,779	74,524

Deferred lease incentives are released over the life of the lease to which they relate.

Amounts due under finance leases are secured on the assets to which they relate and are payable as follows:

	30 November 2019 £'000	30 November 2018 £'000
Within one year	5,014	4,975
Between one and five years	11,069	2,264
Over five years	70	2,149
	16,153	9,388
Future finance charges on finance leases	(1,383)	(523)
Present value of finance lease liabilities	14,770	8,865

19. Provisions

	Dilapidations £'000	Motor Vehicle Insurance £'000	Onerous lease £'000	Employee Claims £'000	Other claims £'000	Total £'000
At 1 December 2018	8,333	5,294	886	805	2,177	17,495
Additional liability recognised	2,166	5,454	1,026	538	(88)	9,096
Released to income statement	(592)	-	-	-	-	(592)
Paid	-	(4,215)	(393)	(451)	-	(5,059)
Transfers	647	-	-	-	-	647
Asset additions	1,072	-	-	-	-	1,072
Discount unwind	35	-	-	-	-	35
At 30 November 2019	11,661	6,533	1,519	892	2,089	22,694

Analysis of total provisions:

	30 November 2019 £'000	30 November 2018 £'000
Current	11,173	9,162
Non-current	11,521	8,333
	22,694	17,495

Notes to the financial statements (continued)

for the year ended 30 November 2019

19. Provisions (continued)

Employee claims:

The Company has various ongoing and potential litigation and claims, principally relating to accidents in the workplace. These cases are being managed through a specialist independent claims management handler and a provision is held to cover the estimated future liability to the Company.

Motor Vehicles:

The Company has various ongoing claims relating to motor accidents that our vehicles have been involved in. These cases are being managed through a specialist independent claims management handler and a provision is held to cover the estimated future liability to the Company.

Dilapidations:

The Company has a significant warehouse portfolio. In assessing the potential liability at the end of each lease the Company commissioned a third-party qualified surveyor report and sought advice from other property specialists who have extensive industry and portfolio knowledge. In estimating this provision, management has made the judgment that certain sites will be subject to redevelopment by the landlord, which reduces the dilapidation obligation. In addition, management have made judgments around how potential lease extensions may impact dilapidation obligations.

Other claims:

The Company has made provisions against claims from third parties where the economic outflow to resolve the claim is considered probable.

20. Pension costs

The Company operates a defined contribution pension scheme for the benefit of the directors and employees. The assets of the scheme are administered by trustees in funds independent from those of the group. The amount charged to the Statement of Comprehensive Income in the year represents the contributions payable to the scheme in respect of the accounting year.

21. Called up share capital

	30 November 2019 £'000	30 November 2018 £'000
Ordinary share capital		
21,434,709 Ordinary shares of £1 each (2018: 21,434,709)	21,434	21,434

22. Reserves

Translation reserve

This reserve represents the gains and losses arising on retranslating of foreign currency loans into Sterling.

23. Capital commitments

At 30 November 2019, the company had no capital commitments (2018: £nil).

Notes to the financial statements (continued)

for the year ended 30 November 2019

24. Lease commitments

Company as Lessee

At the year end the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2019		2018	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Within 1 year	43,878	39,316	38,665	47,178
Between 1 and 5 years	164,418	70,277	146,685	81,710
Due after 5 years	376,198	8,853	396,329	12,598
	584,494	118,446	581,679	141,486

25. Contingent liabilities

There is an unlimited bank cross guarantee arrangement between the Company and its fellow subsidiary undertakings. The maximum potential liability at 30 November 2019 was £124m (2018: £124.0m).

The Company has contingent liabilities in respect of unsettled legal claims and contract disputes. The Company has received a number of claims in respect of such issues, none of which are expected to result in a material loss to the Company. The Company has not booked any provisions associated with the claims where it is management's belief that the claims have little merit.

A fellow member of the GWSA Ltd group, ESLL Group Ltd, has a contingent liability in respect of a motor insurance bond to a maximum aggregate liability of £11.7m. The bond has been indemnified by all companies in the GWSA Ltd group of which the Company is a member.

26. Related party transactions

During the year the Company entered into related party transactions in the ordinary course of business, with companies within the Eddie Stobart Logistics plc group. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 30 November with other related parties are as follows:

2019 Related Party Disclosures	Description of related party	Sales to related party £'000	Purchases from related party £'000	Balance owed by related party £'000	Balance owed to related party £'000
Directors' loans	a	-	-	475	-
IPS at Eddie Stobart Limited	b	2,758	-	847	-
Puro Property Partnership Limited	c	1,086	1,232	725	326
Nelson Bostock	d	-	38	-	38

2018 Related Party Disclosures	Description of related party	Sales to related party £'000	Purchases from related party £'000	Balance owed by related party £'000	Balance owed to related party £'000
Directors' loans	a	-	-	475	-
IPS at Eddie Stobart Limited	b	2,795	-	553	-
Puro Property Partnership Limited	c	593	562	266	304

Notes to the financial statements (continued)

for the year ended 30 November 2019

26. Related party transactions (continued)

Related party key:

- a) In February 2015, two directors of the Company were loaned an interest free aggregate amount of £475,000. The amount has been fully provided against in the current year.
- b) IPS at Eddie Stobart Limited ("IPS") is a joint venture participation. IPS provides logistics and management services.
- c) Puro Ventures Limited, trading as "Speedy Freight", is a joint venture participation with fellow Group member ESLL Limited. Speedy Freight operates as a same day specialist courier.
- d) Nelson Bostock is a PR consultancy firm and a related party by virtue of its association with the Ultimate Parent Undertaking, DBay.

27. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Eddie Stobart Group Limited. The ultimate parent undertaking for which group financial statements are drawn up and of which the Company is a member is Eddie Stobart Logistics plc incorporated in the United Kingdom. This is both the largest and smallest group for which consolidated financial statement are drawn up within which the Company is consolidated. Copies of the financial statements can be obtained from the Company Secretary, Stretton Green Distribution Park, Langford Way, Appleton, Warrington, Cheshire, England, WA4 4TQ. These are the only financial statements to consolidate the financial statements of Eddie Stobart Limited.

On 9 December 2019 the ultimate parent undertaking changed to Greenwhitestar Acquisitions Limited, which will include the Company in its consolidated financial statements following this date.

28. Events subsequent to balance date

On 9 December 2019 DouglasBay Capital III Fund LP, a fund managed by DBAY Advisors Limited ("DBAY") completed the acquisition of an indirect 51% equity stake in Greenwhitestar Acquisitions Limited ("GWSA") (the "Disposal"), the holding company of the Eddie Stobart trading entities (including Eddie Stobart Limited, iForce Group Limited and The Pallet Network). Accordingly, as a result of the Disposal, the Company's equity interest in the Eddie Stobart trading entities was reduced from 100% to 49%. On completion of the Disposal GWSA issued loan notes to an entity controlled by the acquirer of the 51% stake in GWSA (the "Loan Notes").

The completion of the transaction included the extension of the existing banking facilities and an additional revolving credit facility as follows:

- The ongoing provision of the £124m term loan which has been extended to November 2024 and subject to repayment of £35m in stages by August 2021;
- The ongoing provision of the £100m invoice discount facility until 22 November 2024; and
- The provision of an incremental £20m revolving credit facility which has been made available at the same time as the £50m PIK note was issued, which is due for repayment on 9 December 2025

On 9 December 2019, following the acquisition of Greenwhitestar Acquisitions Limited by DBay advisors limited, the highest intermediate company for which group financial statements are drawn up and of which the company is a member changed to Greenwhitestar Acquisitions Limited.

Notes to the financial statements (continued)

for the year ended 30 November 2019

28. Events subsequent to balance date (continued)

COVID-19

In early 2020, the existence of COVID-19 was confirmed which has since spread across a significant number of countries leading to disruption to economic activity and global markets. The Company considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Whilst it is recognised that COVID-19 is having an adverse impact on the Company this is being mitigated by utilising the Government "Furlough" scheme and other cost reduction measures. Overall recoverability of the year-end sales ledger has not been impacted by the pandemic predominately because of the passage of time between the Company's year end (30 November 2019) and the initiation of lockdown in the UK in March 2020. Whilst the Directors consider that the adverse impact of the pandemic is unlikely to materially impact the carrying values of tangible and intangible assets based upon our current forecasts, there remains uncertainty which the Directors will continue to monitor.

Property lease novations

Post year end, a number of property leases have been surrendered or novated where there is under-utilisation of warehouse space. This has resulted in the release of any associated liabilities in FY20 totalling £1.5m net of costs associated with the transactions.

29. Impact of new accounting standards

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the company's financial statements. The Company has applied the modified retrospective approach and has not restated comparatives for the 2018 reporting period. The adjustments resulting from the transition have been recognised in the opening balance sheet as at 1 December 2018.

IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities.

Classification and measurement

IFRS 9 establishes three primary measurement categories for financial assets: amortised cost; fair value through other comprehensive income and fair value through profit and loss. There has been no changes in the classification of financial assets or financial liabilities as a result of IFRS 9.

Impairment

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under IFRS it is not necessary for a credit event to occur before the credit losses are recognised.

The company has applied the simplified approach to recognise lifetime expected credit losses for its trade receivables and contract assets as permitted by IFRS 9. The application of the expected credit loss model of IFRS 9 will result in greater recognition of credit losses, and as at 1 December 2018, the overall impact is a decrease of retained earnings of £4.0m.

Hedge Accounting

The Company does not currently hold any derivative financial instruments designated as hedge relationships.

Notes to the financial statements (continued)

for the year ended 30 November 2019

29. Impact of new accounting standards (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model when accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition standards and interpretations. The company is required to adopt IFRS 15 for the year ended 30 November 2019.

Under IFRS 15, an entity recognises revenue when or as a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. This has resulted in the derecognition of revenue that met the criteria under IAS 18 (probable of receipt) but does not meet the revised criteria under IFRS 15.

The total impact on the company's retained earnings of the transition as at 1 December 2018 is as follows:

Previously reported 1 December 2018	IFRS 15	IFRS 9	Restated 1 December 2018
£'000	£'000	£'000	£'000
41,816	(1,161)	(4,022)	36,633