Company Registration No. 00995045 (England and Wales)

EDDIE STOBART LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

EDDIE STOBART LIMITED

COMPANY INFORMATION

Directors	M Branigan B Corrway D Hargrave D Pickering W Stobart
Company number	00995045
Registered office	Stretton Green Distribution Park Langford Way Appleton Warrington Cheshire WA4 4TQ England
Independent auditors	PricewaterhouseCoopers LLP 1 Hardman Square Manchester M3 3EB
Bankers	Royal Bank of Scotland PLC Waterloo Street Bolton BL1 8FH

EDDIE STOBART LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2020

The directors present the Strategic Report, of Eddie Stobart Limited ('the Company' or 'ESL') for the year ended 30 November 2020.

Business update
The results contained in these financial statements reflect the success of the strategy adopted by the new leadership team, led by William Stobart (as Executive Chairman of Greenwhitestar Acquisitions Limited ('GWSA'), the Group parent company), following the acquisition of a majority interest in the wider GWSA Group by funds managed by DBAY Advisors ('DBAY') on 9 December 2019.

Following a change in the ultimate ownership of ESL, the Group put in place a new leadership team with William Stobart as Executive Chairman of GWSA, the Group parent company. Following an initial strategic review, which confirmed DBAY's view that ESL 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.

Throughout the year, the business has continued to invest for the future and in May 2020 the Company acquired the "Stobart" and "Eddie Stobart" brands for £10m. We had previously used the "Eddie Stobart" brand under a licencing arrangement. 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 ESL will not have to pay the annual licence fee that would otherwise have become payable from March 2020.

The COVID-19 pandemic started to impact the Group's business in the second half of 2020. ESL's unique transport network enabled the business to respond flexibly and to continue to provide high levels of customer service despite the impact of the pandemic.

In October 2020, the business signed a major contract with Wm Morrison Supermarkets plc, this represented significant growth in our key retail sector and recognised the levels of service provided to customers during the COVID-19 pandemic.

The Company exited the year with demonstrable successes against its key strategic objectives, with a fully utilised warehouse portfolio and a customer base focused upon the core competences of the business.

Following the year end, the Company continued to trade successfully. The Company is focused on growing and improving the profitability of each of its businesses and to that end continues to invest in increasing automation and other enablers of growth. The principal activities of the Company are expected to continue in line with the year ended 30 November 2020.

Principal activities
ESL 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 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 led storage and handling solutions to customers on both an open book and pay-as-you-go basis.

Principal activities (continued)
Our strategy focuses on the efficient utilisation of our assets, both vehicle and warehouse based, to deliver long-term value to our customers and shareholders. Growth is targeted in key market sectors that are complementary to the company's current network and core competencies these are:

- Retail
- Consumer (including E-commerce and Manufacturing)
- Ports and Rail Operations

Despite the pandemic, we have continued to deliver excellent customer service to our customers, at times of exceptional demand we have provided additional resource on very short notice to support both customers internal and external supply chains. This ability to demonstrate flexibility and provide support on short lead times has been a contributing factor to further customer wins in the year.

Operating and financial review of key performance indicators
Our key performance indicators are:

- Turnover
- Profit from operating activities before exceptional items

Turnover reduced by £45.0m in the year with revenues of £559.1m (2019: £604.1m) down by 7.4% on the prior year. The majority of this reduction is a result of positive actions taken to deliver the strategy to focus on core capabilities, including the exit of uneconomic contracts in the industrial, retail and bulk sectors. In the second half of the year there have been some negative impacts on customers' volumes particularly in the Consumer sector as Government COVID-19 measures have restricted their markets by closing the hospitality sector of the UK economy.

Profit from operating activities before exceptional items was £33.7m for the year which is an increase of £51.0m compared to a loss of £17.3m in 2019. Of this improvement £19.7m arises from the implementation of IFRS 16. The remainder of the improvement, an increase of £31.3m, is derived from the impact of the actions taken to re-balance the transport network (increasing efficiency, reducing empty miles and exiting unprofitable contracts), to increase the utilisation of our assets and to control the cost base.

Whilst we remain mindful of the current economic uncertainty around Brexit we are confident that our unique operating model provides us with the flexibility to respond rapidly to changing market conditions; our transport network has supported customers in transporting their Brexit contingency stocks. Our transport operations are predominately UK mainland based with no material cross channel movements on our fleet.

The COVID-19 outbreak developed rapidly in 2020 with Government measures to contain the virus adversely impacting sectors of the economy supported by our operations. We have taken a number of actions to monitor and prevent the spread of COVID-19 infections within our organisation. Health and Safety measures taken include social distancing, deep cleaning of workspaces (offices, warehouses and vehicle cabs), staff working from home where possible, and on-site rapid testing of employees.

We continue to follow central Government guidance and advice. We continue to manage our operations in the safest way possible prioritizing the health and safety of our people.

Our strategy
Our business performance will continue to be driven by 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 led storage
- Maintenance of an experienced and high performing management team

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 of the Company and a risk management framework setting out the Company's risk management processes and procedures is in place.

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 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. The Board also monitors economic developments that present opportunities which offset the downside risks.

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.

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 more 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 HSQE 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 position through the Information Security Steering Committee, 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.

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 debtors.
- 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 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 this does not lead to an increased credit risk. Further, a large proportion of the Company's revenues are credit insured.

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 group of companies controlled by GWSA, the ultimate parent entity. 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 material reductions in trading volumes allied to increased costs, the failure to achieve cost and efficiency savings, a reduction in sublet income and a further impact upon liquidity from reductions in availability under the Group invoice discounting facility and a deterioration in working capital metrics.
- The directors of GWSA have confirmed its parental support to the Company.

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.

Section 172 statement
The Board of directors of ESL considers that it has, both individually and collectively, acted in good faith in a way which would most likely promote the success of the Company for the benefit of the members as a whole, and in doing so have had a regard (amongst other matters) to factors in (a) to (f) as set out in s172(1) of the Companies Act 2006 for the decisions during the year ended 30 November 2020. In making this statement the directors have considered the following matters:

- **Likely consequences of any decision in the long-term:** the Board reviewed the Company's strategy, as disclosed in the Strategic Report, during the year and concluded that it remains appropriate to support the long-term success of the Company. Shorter term expectations in supporting that strategy are approved by the Board as part of the annual budgeting process, against which the performance of the Company is then monitored. Decisions taken during the year are made in the context of the Company's strategy in order to ensure that they are consistent with that strategy.

- **The interests of the Company's employees:** *our people are critical to the success of our business and a* core component of our business model. We endeavour to recruit the best people, train them well and look after them so that they provide the best possible service for our customers and remain with us for the long-term. The Board has ultimate responsibility for ensuring the Company's decisions consider the interests of our employees.

- **The need to foster the Company's business relationships with suppliers, customers and others:** managing the Company's relationships with suppliers and customers is critical in ensuring the Company delivers on its strategy. Management at all levels are dedicated to ensuring that we maintain an ongoing dialogue with customers and suppliers to enable us to respond at all levels of the organisation appropriately.

- **The impact of the Company's operations on the community and the environment:** the Company seeks to have a positive impact on the communities in which it operates and minimise the environmental impact on our operations. Further details are provided in the Energy and Carbon Report in the GWSA financial statements.

- **The desirability of the Company maintaining a reputation for high standards of business conduct:** the Company regularly reviews and updates, where appropriate, its business conduct and ethics policies and ensures that these are communicated to employees, customers and suppliers and that appropriate training is undertaken by relevant employees on a regular basis to reinforce the Company's policies. The Company business ethics and conduct policy is approved by the Board and is communicated to relevant stakeholders.

- **The need to act fairly as between members of the Company:** the Company always seeks to ensure that its communications are transparent and its actions are in accordance with the Company's stated strategic aims to promote the long-term success of the Company. On page 11 within the Corporate Governance Statement we detail how we engage with our shareholders, including both institutional investors and private investors.

On behalf of the Board

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B Corrway
Director

Date: 29/03/2021

The directors present their annual report and audited financial statements for the year ended 30 November 2020. The financial statements are drawn up for the year ended 30 November 2020 ("the financial year"). Comparative figures are for the year ended 30 November 2019.

The Corporate Governance Statement set out on page 11 forms part of this report.

Results and dividends

The results for the year are set out on page 14.

No ordinary dividends were paid in the current or previous year. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Branigan	(Appointed 16 March 2020)
B Corrway	(Appointed 16 March 2020)
D Hargrave	(Appointed 16 March 2020)
D Pickering	
W Stobart	(Appointed 10 April 2020)
J P Court	(Resigned 10 April 2020)
S R Desreumaux	(Resigned 16 December 2019)
R Nichols	(Resigned 19 March 2020)

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last and current financial year and at the date of approval of the financial statements.

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.

Funding and Liquidity risk

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

Credit risk from trade debtors

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 trade credit insurance, however certain of 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 this does not lead to an increased credit risk.

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.

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.

Disabled persons
Our policy during the 2020 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 were made that were 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.

Employee involvement
Our employees are the face of the company and we could not deliver our services without them. We know that the more engaged, skilled and motivated our people are, the better service they provide to our customers. Our policy throughout 2020 was to employ the best people irrespective of race, gender, nationality, disability or sexual orientation.

We have an engaged workforce who take pride in their work and value opportunities to learn new skills, and we maintain an open and honest dialogue with all of colleagues through the forums we have in place. Line managers play a vital role in supporting employees with regular one-to-one meetings and we continue to communicate business wide performance updates on the internal intranet, as well as on noticeboards and in-cab devices for the driver community.

In light of the COVID-19 pandemic, we have further enhanced our communications and engagement strategy to all colleagues, to ensure they are kept informed about the latest national guidelines and what we were doing to respond to the pandemic.

We recognised that it has been a challenging time from a psychological perspective as well as a practical one. We wanted to show our support of the services we had in place to help colleagues with a wide range of issues, from stress and emotional counselling, through to health and wellbeing information, all done through our Employee Assistance Programme (EAP).

Future developments
The strategic report sets our strategy for growth and 2021 priorities. The new leadership of the Group has the following key priorities:

- Continuing the re-organisation and streamlining operations
- Maintaining warehouse utilisation levels
- Servicing the customer base

Changes in presentation of the financial statements
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of going concern.

Independent auditors
In accordance with the Company's articles, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditor of the Company will be put at a General Meeting.

Statement of disclosure to auditors
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Carbon and Energy reporting
A Carbon and Energy Report which includes the Company has been set out in the financial statements of the ultimate parent GWSA, which are publicly available.

On behalf of the Board

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B Corrway
Director

Date: 29/03/2021

EDDIE STOBART LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2020

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

For the year ended 30 November 2020, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has not applied any Corporate Governance Code. Although no specific Corporate Governance Code has been adopted by the Company, it is believed that the policies adopted by the Company ensure strong Corporate Governance. The titles from the Wates Principles have been used in the Corporate Governance Statement to ensure that the Company is following the same corporate governance themes of all companies that adopt the Wates Principles.

Purpose and leadership

The Board of Directors is responsible for the long-term success of the Company and for setting a clear purpose, vision and sustainable strategy which creates value for existing and future customers, stakeholders and shareholders. It provides the leadership necessary for the Company to meet its business objectives while ensuring a sound system of internal control and risk management is in place. The powers and the duties of the directors are determined by legislation and by the Company's Articles of Association.

The non-executive directors scrutinise, measure and review the performance of management; constructively challenge and assist in the development of strategy; review the Company financial information; and ensure systems of internal control and risk management are appropriate and effective.

During the year, the Company Board was directly assisted in the discharge of its duties by the Audit Committee of GWSA, whose remit, authority and composition are monitored to ensure continued and appropriate Board support.

Board composition

The Board comprises three executive and two non-executive directors and is the principal decision making forum for the Company. The directors represent investors, senior lenders, operational and Group management. The directors are nominated by the Board of the Company's ultimate parent entity, GWSA, including the Group Audit Committee.

William Stobart was appointed as Executive Chairman of GWSA, the ultimate parent company of the ESL group of companies, on 9 December 2019 and fulfils the same role for ESL.

Below the Board, executive responsibility rests with David Pickering (CEO) and Mick Harrison (FD).

Directors Responsibilities

There are clear lines of accountability and responsibility when there is a decision made by the Company. All decisions are made in line with the Company's internal authorities. The directors also consider their directors' duties; details of the stakeholder engagement under section 172 of the Companies Act can be found on page 6 of the Strategic Report. Regular Board meetings take place to ensure the directors' responsibilities are fulfilled.

Opportunity and risk

The Company has an embedded risk management approach with clear roles, responsibilities and authorities to ensure that all opportunities are robustly reviewed and to ensure there are no gaps. Through this approach the Company ensures that it is prepared for any risks that it might face in the short, medium and long term. This help ensure that there is good corporate governance within the Company.

Remuneration

The Company follows the remuneration policy approved by the Board of GWSA. Director and employee remuneration is based on clear structures and policies.

Stakeholder relationships and engagement

With every decision that the Company makes, the directors acknowledge their duties under section 172 of the Companies Act, and give consideration to the stakeholders of the Company. These stakeholder engagements can be seen on page 6 of the Strategic Report.

The Board also ensures it spends time out of the Boardroom with stakeholders. During the year, members of the Board met with representatives of the workforce and other stakeholders.

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 2020 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 (the "Annual Report"), which comprise: the statement of financial position as at 30 November 2020; the income statement, 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 or, 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 2020 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 Directors' Responsibilities Statement 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.

Kenneth Wilson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 March 2021

EDDIE STOBART LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2020

	Notes	2020 £000	2019 £000
Turnover	4	559,067	604,054
Cost of sales		(409,068)	(528,557)
Gross profit		149,999	75,497
Administrative expenses		(122,856)	(93,314)
Other operating income	4	6,604	553
Exceptional items	5	(3,871)	(13,713)
Operating profit/(loss)	8	29,876	(30,977)
Interest receivable and similar income	9	62	23
Interest payable and similar expenses	10	(37,618)	(2,475)
Loss before taxation		(7,680)	(33,429)
Tax on loss	11	6,308	1,811
Loss and total comprehensive expense for the financial year		(1,372)	(31,618)

Company Registration No. 00995045

EDDIE STOBART LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2020

	Notes	2020 £000	2019 £000
Fixed assets			
Intangible assets - goodwill	12	1,327	1,327
Other intangible assets	12	12,511	4,013
Tangible fixed assets	13	37,271	54,331
Right of use assets	14	375,919	-
Investments	15	750	750
Deferred tax asset	25	4,345	5,984
		432,123	66,405
Current assets			
Stocks	19	1,678	2,024
Finance lease receivables	20	1,553	-
Finance lease receivables due after more than one year	20	9,631	-
Debtors	21	237,787	240,722
Current tax recoverable		-	8,732
Cash at bank and in hand		22,154	2,618
		272,803	254,096
Creditors: amounts falling due within one year			
Borrowings	22	51,667	69,233
Creditors	23	124,593	130,349
Taxation and social security		17,235	5,341
Lease liabilities	24	75,626	4,091
		269,121	209,014
Net current assets		3,682	45,082
Total assets less current liabilities		435,805	111,487
Creditors: amounts falling due after more than one year			
Creditors	23	2,004	73,100
Lease liabilities	24	377,880	10,679
		379,884	83,779

Company Registration No. 00995045

EDDIE STOBART LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 NOVEMBER 2020

	Notes	2020 £000	2019 £000
Provisions for liabilities			
Other provisions	26	17,355	22,694
Net assets		38,566	5,014
Capital and reserves			
Called up share capital	27	21,434	21,434
Profit and loss reserves	28	17,132	(16,420)
Total equity		38,566	5,014

The financial statements were approved by the Board of directors and authorised for issue on 29/03/2021 and are signed on its behalf by:

....

Director

EDDIE STOBART LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2020

	Share capital	Translation reserve	Profit and loss reserves	Total
	£000	£000	£000	£000
Balance at 1 December 2018	21,434	103	20,279	41,816
Year ended 30 November 2019:				
Loss and total comprehensive expense for the year	-	-	(31,618)	(31,618)
Transfers	-	(103)	103	-
Other movements	-	-	(5,184)	(5,184)
Balance at 30 November 2019 - as previously reported	21,434	-	(16,420)	5,014
Impact of adoption of IFRS 16	-	-	14,101	14,101
Balance at 1 December 2019 - as restated	21,434	-	(2,319)	19,115
Year ended 30 November 2020:				
Loss and total comprehensive expense for the year	-	-	(1,372)	(1,372)
Capital contribution	-	-	20,823	20,823
Balance at 30 November 2020	21,434	-	17,132	38,566

1 Accounting policies

Company information

Eddie Stobart Limited is a private Company limited by shares domiciled and incorporated in the United Kingdom. The registered office is Stretton Green Distribution Park, Langford Way, Appleton, Warrington, Cheshire, England, WA4 4TQ.

The Company's principal activities and nature of its operations are disclosed in the Strategic Report.

Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards and the Companies Act 2006.

The Company does not amortise the intangible asset related to the Brand in accordance with the requirements of IFRS as applied under FRS 101. Instead an annual impairment test is performed and any impairment that is identified is recognised in the income statement. The non-amortisation of the brand conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports Regulations 2008 (SI 2008/410)', which requires acquired intangible assets to be written off over its useful economic life. As such the non-amortisation of the brand is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.

It is not possible to quantify the effect of the departure from the Companies Act, because a finite life for the brand has not been identified. However, the effect of amortising over a useful economic life of 25 years would be a charge of £0.2m (2019: £nil) against operating profit. And a reduction of £0.2m in the carrying value of the brand.

The financial statements are prepared in Sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost basis. The principal accounting policies adopted are set out below.

1 Accounting policies (Continued)

Reduced disclosures
The Company has taken advantage of the following disclosure exemptions from the requirements of IFRS in the preparation of these financial statements, where relevant, equivalent disclosures have been made in group accounts of the ultimate parent company at the reporting date, GWSA, in accordance with FRS 101:

- Presentation of a cash flow statement and related notes;
- Disclosure of the objectives, policies and processes for managing capital;
- Inclusion of an explicit and unreserved statement of compliance with IFRS;
- Disclosure of key management compensation;
- Disclosure of the categories of financial instruments and nature and extent of risks arising on these financial instruments;
- Comparative period reconciliations for tangible fixed assets, intangible assets and share capital;
- The valuation technique and details of key assumptions used to determine recoverable amount for cash generating units containing significant goodwill or intangible assets with an indefinite useful life and sensitivity to assumptions if a reasonable change in a key assumption would result in impairment;
- Related party disclosures for transactions with the parent or wholly owned members of the group;
- Disclosure of the future impact of new IFRSs in issue but not yet effective at the reporting date;
- Disclosure of the effect of financial instruments on the Statement of Comprehensive Income; and
- Disclosure of turnover recognised from contracts with customers, changes in contracts assets and liabilities during the period, certain information relating to performance obligations and the transaction price, and judgments made in applying IFRS 15.

The Company's ultimate parent undertaking GWSA includes the Company in its consolidated financial statements. The consolidated financial statements of GWSA are prepared in accordance with International Financial Reporting Standards. Copies of these consolidated financial statements can be obtained from its registered office Stretton Green Distribution Park, Langford Way, Appleton, Warrington, Cheshire, England, WA4 4TQ.

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 GWSA at 30 November 2020. These financial statements present information about the Company as an individual undertaking and not about its group.

1 Accounting policies (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 group of companies controlled by GWSA, the ultimate parent entity. 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 material reductions in trading volumes allied to increased costs, the failure to achieve cost and efficiency savings, a reduction in sublet income and a further impact upon liquidity from reductions in availability under the Group invoice discounting facility and a deterioration in working capital metrics.
- The directors of GWSA have confirmed its parental support to the Company.

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.

Turnover

The Company's contracts are for the provision of transport and warehousing services and the Company recognises turnover from contracts as the performance obligations under these contracts are satisfied. Turnover 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 turnover is recognised in advance of amounts being invoiced this is included as accrued income. Where payment is received in advance of turnover being recognised this is included as deferred income.

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

Open book turnover

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.

1 Accounting policies (Continued)

Closed book turnover
Turnover for closed book contracts is recognised based on a pre-agreed rate-card per unit/ delivery.

Turnover 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 turnover
Turnover linked to performance measures, such as Key Performance Indicators and gain-share mechanisms, is considered to be variable turnover.

Variable turnover is recognised to the extent the performance obligation has been satisfied and it is highly probable a significant turnover reversal will not occur.

Sale of goods
Turnover on sale of goods to final consumers is recognised at the point in time the customer receives control of the goods.

Goodwill
Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Intangible assets other than goodwill
Intangible assets other than goodwill comprise software development and implementation costs, trademarks and brands and are stated at cost less accumulated amortisation and impairment. 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.

1 Accounting policies (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 and brand, 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 and customer relationship lists	6 to 15 years

Brand names have an indefinite useful life and are assessed annually for impairment.

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

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets 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 tangible fixed assets 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 tangible fixed assets 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.

Land and buildings	1%-5% per annum straight line, or period of lease if shorter
Fixtures and fittings	3-7 years straight line and between 15%-33% reducing balance as appropriate
Plant and machinery	3-7 years straight line and between 15%-20% 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 and development projects 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 are not depreciated. Once the asset is complete and available for use, depreciation is commenced.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Company holds a long-term interest and where the company has significant influence. The Company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1 Accounting policies (Continued)

Impairment of tangible and intangible 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 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.

Stocks

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.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand. No expected credit loss provision is held against cash and cash equivalents as the expected credit loss is negligible.

Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

1 Accounting policies (Continued)

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade debtors). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of 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 debtors 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.

Trade debtors

The Company applies the simplified approach permitted by IFRS 9 to trade debtors, which requires the use of the lifetime expected loss provision for all debtors, 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 debtors unless there are specific circumstances, such as the bankruptcy of a customer or emerging market risks, which would render the debt irrecoverable and therefore require a specific provision.

The carrying amounts of the trade debtors include debtors which are subject to a factoring arrangement. Under this arrangement, the Company has transferred the relevant debtors to the factor in exchange for cash and is prevented from selling or pledging the debtors. However, the Company has retained late payment and credit risk mitigated by the purchase of trade credit insurance. 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 debtors, and hence it continues measuring them at amortised cost.

Financial liabilities

The Company recognises financial debt when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Equity instruments

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.

1 Accounting policies (Continued)

Taxation
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.

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 and is determined on a claim by claim basis.

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

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.

Retirement benefits
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.

1 Accounting policies (Continued)

Leases
At inception, the Company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are presented as a separate line on the face of the statement of financial position.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the Company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

When the Company acts as an intermediate lessor, sub-leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees, over the major part of the economic life of the asset. All other leases are classified as operating leases.

When sub-leases are classified as finance leases a right-of-use asset is not recognised and instead, a finance lease receivable is recognised. Finance lease receivables are initially measured at the present value of the lease payments receivable that are unpaid at the commencement date, discounted using the incremental borrowing rate determined for the head-lease. Finance lease receivables are subsequently measured at amortised cost using the effective interest rate method.

When sub-leases are classified as operating leases, the lease payments receivable are recognised in profit or loss on a straight-line basis over the lease term.

1 Accounting policies (Continued)

Grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for turnover 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.

Foreign exchange

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.

Exceptional items

Items that are material in size or nature and are outside the normal course of business 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 Group'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 COVID-19, restructuring costs, the onerous lease provision, impairment charges and costs related to the DBAY disposal. Refer to note 5.

2 Adoption of new and revised standards and changes in accounting policies

IFRS 16 'Leases'

During the year, the company adopted IFRS 16 'Leases' for the first time. IFRS 16 replaces IAS 17 'Leases'. The company previously split leases between finance leases that transferred substantially all the risks and rewards incidental to ownership of the asset to the company, and operating leases.

The main change on application of IFRS 16 is the accounting for operating leases, where rentals payable were previously expensed under IAS 17 on a straight line basis over the lease term. Under IFRS 16, a right-of-use asset and a lease liability are recognised for all leases except for 'low-value' and 'short-term' leases, where leases payments continue to be recognised on a straight-line basis over the lease term. The accounting for leases previously accounted for as finance leases under IAS 17 has not changed substantially.

The Company has applied IFRS 16 under the modified retrospective transition approach and has elected to recognise the cumulative effect against opening reserves at 1 December 2019. Therefore, the comparative figures are as previously reported under IAS 17. The Company has applied this approach subject to the transition provisions set out below:

- For all contracts that existed prior to 1 December 2019, the group has not applied IFRS 16 to reassess whether each contract is, or contains, a lease;
- A single discount rate has been applied to portfolios of leases with similar characteristics;
- The right-of-use assets have not been assessed for impairment at 1 December 2019, but have been reduced by the amount of any onerous lease provisions at that date;
- Initial direct costs have been excluded from the measurement of the right-of-use assets; and
- Hindsight has been applied in determining the lease term for contracts that contain lease extension or termination options.

The amounts recognised on transition for leases at 1 December 2019 which were previously classified as operating leases have been measured as follows:

- The lease liability is measured at the present value of the remaining lease payments at 1 December 2019, discounted at the lessee's incremental borrowing rate at that date.
- The right-of-use asset is measured at the amount of the lease liability recognised in accordance with the measurement set out above, adjusted for accrued or prepaid operating lease payments at 1 December 2019.

The weighted average incremental borrowing rate applied to lease liabilities recognised by the company at 1 December 2019 is 7.84%.

2 Adoption of new and revised standards and changes in accounting policies (Continued)

The company's operating lease commitments at 30 November 2019 equated to £702,940k and is reconciled to the lease liability at 1 December 2019 as follows:

	£'000
Operating lease commitments at 30 November 2019	702,940
Leases disposed of during the year excluded from operating lease commitments note	42,131
Inclusion of leases previously excluded from disclosure	35,542
Impact of discounting	(311,092)
Finance leases previously on the statement of financial position under IAS 17	14,770
Lease liability at 1 December 2019	**484,291**

The initial application of IFRS 16 at 1 December 2019 has had the following impact on the opening balances:

	30 November 2019 As previously reported £000	Impact of IFRS 16 £000	1 December 2019 As restated £000
Tangible fixed assets	54,331	(16,964)	37,367
Right of use assets	-	429,174	429,174
Finance lease receivables	-	6,254	6,254
Lease liabilities	(14,770)	(469,521)	(484,291)
Accruals and deferred income	(95,705)	49,298	(46,407)
Deferred lease incentive	(19,167)	19,167	-
Deferred tax assets	5,984	(3,308)	2,676
Profit and loss reserves	16,420	(14,101)	2,319

3 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect 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:

Critical judgments

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 2020 is £11.1m (2019: £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.

3 Critical accounting estimates and judgments (Continued)

Impairment of non-financial assets

The Company is required to perform an impairment test of goodwill and other non-financial assets should an indicator of impairment exist. The Company performed a calculation of the recoverable amount of the cash generating units by reference to the present value of the future cash flows expected to be derived from the investments and the business. This resulted in recoverable amounts being higher than the carrying value of goodwill and other non-financial assets (including right-of-use assets) with considerable headroom. As a result, no impairment was recognised during this year.

4 Turnover

	2020 £000	2019 £000
Turnover analysed by class of business		
Transportation services	546,188	604,054
Sub-lease income	12,879	-
	559,067	604,054

	2020 £000	2019 £000
Other Turnover		
Grants received	6,153	553
Management charges receivable from group companies	451	-
	6,604	553

Grants received relate to the Coronavirus Job Retention Scheme for £5,251k, and rail grants for £902k.

5 Exceptional items

	2020 £000	2019 £000
COVID-19	(1,811)	-
Restructuring costs	(925)	-
Onerous lease provision	696	(3,063)
Software impairment and associated exit costs	-	(7,415)
Sector exit costs	(1,354)	(3,235)
Costs associated with DBAY acquisition	(477)	-
	(3,871)	(13,713)

COVID-19 costs relate to the additional costs incurred by the business to allow it to continue to operate and provide services during the pandemic.

Restructuring costs relate to the one off restructuring exercise performed in the year, including those changes in response to COVID-19.

Onerous lease provision movements in the year relate to the early termination of leases previously provided for through an onerous lease provision in 2019 and the loss made on the sale of specialist tankers disposed of as part of a sector exit.

Sector exit costs relate to the impairment of specialist assets due to the exit of a business sector in the year.

Costs incurred relating to the DBAY acquisition represent those costs directly incurred by the business due to the change in the ultimate parent company.

Software impairment and exit costs in 2019 relate to an ongoing software development project that, due to the uncertainty and changes to the business, had been put on hold. As a result, the project no longer met the recognition criteria for an intangible asset and therefore an impairment was recognised for the full asset value along with a provision for the expected costs of exiting the project.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Operational	3,308	2,959
Administration	795	1,661
Management	141	25
	4,244	4,645

6 Employees (Continued)

Their aggregate remuneration comprised:

	2020 £000	2019 £000
Wages and salaries	134,792	146,638
Social security costs	11,831	13,448
Pension costs	3,865	4,224
	150,488	164,310

7 Directors' remuneration

	2020 £000	2019 £000
Remuneration for qualifying services	940	-
Company pension contributions to defined contribution schemes	34	-
	974	-

The directors D Pickering and JP Court were remunerated by the Company and their remuneration is disclosed above.

The directors M Branigan, B Corrway, D Hargrave, W Stobart are and S Desreumaux was remunerated by GWSA and R Nichols was remunerated by ESLL Group Limited. Their total emoluments are disclosed in the financial statements of GWSA and ESLL Group Limited, which are publicly available. No specific recharge is made to ESL in respect of their qualifying services to the Company 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 GWSA and ESLL Group Limited. Therefore there is no disclosure of directors' emoluments in respect of these directors.

8 Operating profit/(loss)

	2020 £000	2019 £000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses	168	43
Government grants	(6,153)	(553)
Fees payable to the company's auditors for the audit of the company's financial statements	360	125
Depreciation of tangible fixed assets	4,610	16,516
Operating lease payments - land and buildings	-	25,479
Operating lease payments - other	-	54,990
Tangible fixed asset impairment recognised as an expense	(313)	-
Tangible fixed asset impairment recognised as exceptional	104	5,609
Right of use asset impairment recognised as exceptional	784	-
Intangible fixed asset impairment recognised as exceptional	-	4,215
(Profit)/loss on disposal of tangible fixed assets	(41)	939
Depreciation of right of use assets	69,118	-
Profit on disposal of right of use assets	(2,108)	-
Loss on disposal of right of use assets recognised as exceptional	382	-
Amortisation of intangible assets	1,388	4,062
Cost of inventories recognised as an expense	16,063	15,369

9 Interest receivable and similar income

	2020 £000	2019 £000
Interest income		
Interest on bank deposits	36	8
Interest receivable from group companies	-	15
Other interest income	26	-
Total income	62	23

10 Interest payable and similar expenses

	2020 £000	2019 £000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	2,856	2,149
Interest payable to group undertakings	22	-
Interest on other loans	44	-
	2,922	2,149
Interest on other financial liabilities:		
Interest on lease liabilities	34,696	326
Total interest expense	37,618	2,475

11 Taxation

	2020	2019
	£000	£000
Current tax		
UK corporation tax on losses for the current period	-	1,553
Adjustments in respect of prior periods	(4,640)	(299)
Total UK current tax	(4,640)	1,254
Deferred tax		
Origination and reversal of temporary differences	(889)	(3,569)
Changes in tax rates	(779)	504
	(1,668)	(3,065)
Total tax credit	(6,308)	(1,811)

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2020	2019
	£000	£000
Loss before taxation	(7,680)	(33,429)
Expected tax credit based on a corporation tax rate of 19.00% (2019: 19.00%)	(1,459)	(6,352)
Effect of expenses not deductible in determining taxable profit	331	849
Change in unrecognised deferred tax assets	-	157
Adjustment in respect of prior years	(5,408)	920
Effect of change in UK corporation tax rate	(779)	504
Group relief	186	1,262
Intangibles not deductible for tax purposes	199	849
Adjustment in respect of transfer pricing	622	-
Taxation credit for the year	(6,308)	(1,811)

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 a result deferred tax balances have been measured at 19%.

12 Intangible assets

	Goodwill	Software	Software under construction	Brand names	Total
	£000	£000	£000	£000	£000
Cost					
At 30 November 2019	1,327	2,364	992	22,300	26,983
Additions - purchased	-	10	168	10,000	10,178
Disposals	-	(60)	(292)	(22,300)	(22,652)
At 30 November 2020	**1,327**	**2,314**	**868**	**10,000**	**14,509**
Amortisation and impairment					
At 30 November 2019	-	391	-	21,252	21,643
Charge for the year	-	340	-	1,048	1,388
Eliminated on disposals	-	(60)	-	(22,300)	(22,360)
At 30 November 2020	**-**	**671**	**-**	**-**	**671**
Carrying amount					
At 30 November 2020	**1,327**	**1,643**	**868**	**10,000**	**13,838**
At 30 November 2019	1,327	1,973	992	1,048	5,340

On 7 May 2020 ESL acquired the "Eddie Stobart" and "Stobart" brands from a subsidiary of Esken Limited (formerly Stobart Group Limited). The addition in the year represents the total cash consideration of £10 million, £4 million of which is deferred (with £2.5 million payable in December 2020 and the remaining £1.5 million within 36 months).

The brought forward balances and disposal in the year represent the previous license agreement for use of the brand which became fully amortised in the year prior to the full acquisition of the brand.

Amortisation for the year has been charged to the Income Statement under Administrative Expenses.

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.

13 Tangible fixed assets

	Land and buildings	Assets under construction	Fixtures and fittings	Plant and machinery	Commercial vehicles	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost						
At 30 November 2019 - as previously reported	44,621	3,534	13,187	20,680	20,233	102,255
Adjustment on application of IFRS 16	(3,221)	-	(758)	(1,874)	(15,690)	(21,543)
At 1 December 2019 - as restated	41,400	3,534	12,429	18,806	4,543	80,712
Additions	1,495	1,307	212	1,744	237	4,995
Disposals	(6,762)	-	(97)	(505)	(2,014)	(9,378)
Transfers between categories	2,698	(3,888)	-	1,190	-	-
At 30 November 2020	**38,831**	**953**	**12,544**	**21,235**	**2,766**	**76,329**
Accumulated depreciation and impairment						
At 30 November 2019 - as previously reported	15,441	-	10,043	15,854	6,586	47,924
Adjustment on application of IFRS 16	(1,355)	-	(258)	(195)	(2,771)	(4,579)
At 1 December 2019 - as restated	14,086	-	9,785	15,659	3,815	43,345
Charge for the year	1,836	-	945	1,282	547	4,610
Impairment loss (profit or loss)	38	-	-	(246)	-	(208)
Eliminated on disposal	(6,150)	-	(93)	(433)	(2,013)	(8,689)
On assets reclassified as held for sale	-	-	(16)	11	5	-
At 30 November 2020	**9,810**	**-**	**10,621**	**16,273**	**2,354**	**39,058**
Carrying amount						
At 30 November 2020	**29,021**	**953**	**1,923**	**4,962**	**412**	**37,271**
At 30 November 2019	29,180	3,534	3,144	4,826	13,647	54,331

Impairment losses/reversals are charged to the Income Statement under Administration expenses.

14 Right of use assets

	Land and buildings	Fleet	Machinery and equipment	Motor vehicles	IT equipment	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 30 November 2019 - as previously reported	-	-	-	-	-	-
Right of use assets recognised on application of IFRS 16	304,151	112,538	9,839	1,462	1,184	429,174
At 1 December 2019 - as restated	304,151	112,538	9,839	1,462	1,184	429,174
Additions	20,892	20,823	4,153	14	-	45,882
Disposals	(22,342)	(11,683)	(605)	-	-	(34,630)
At 30 November 2020	**302,701**	**121,678**	**13,387**	**1,476**	**1,184**	**440,426**
Accumulated depreciation						
Charge for the year	26,277	37,380	3,820	1,027	614	69,118
Impairment losses	-	784	-	-	-	784
On disposals	(1,208)	(4,077)	(110)	-	-	(5,395)
At 30 November 2020	**25,069**	**34,087**	**3,710**	**1,027**	**614**	**64,507**
Carrying value						
At 30 November 2020	**277,632**	**87,591**	**9,677**	**449**	**570**	**375,919**
At 30 November 2019	-	-	-	-	-	-

Land and buildings leases with a right of use asset carrying amount of £21.1m, fleet leases with a right of use asset carrying amount of £7.6m and equipment and machinery leases with a right of use asset carrying amount of £0.5m were disposed of in the year prior to the lease expiry date. A gain on disposal of £2.1m has been recognised in profit or loss in respect of these disposals. A loss on disposal of £0.4m has been recognised in exceptional items in respect of these disposals.

The company acquired a land and buildings lease in the year which was sub-let to a third party as a finance lease. A right of use asset has not been recognised in respect of this lease and instead a finance lease receivable has been recognised. A gain on sub-lease of £0.3m has been recognised in profit or loss in respect of this.

15 Investments

	2020 £000	2019 £000
Investments in subsidiaries	750	750
Investments in joint ventures	-	-

Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Movements in fixed asset investments

	Shares in group undertakings £000
Cost or valuation	
At 1 December 2019 & 30 November 2020	750
Carrying amount	
At 30 November 2020	750
At 30 November 2019	750

16 Subsidiaries

Details of the company's subsidiaries at 30 November 2020 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
Stobart Truckstops Limited	1.	100.00	100.00	Logistics support
Eddie Stobart Distribution Limited	1.	100.00	100.00	Dormant

Address:

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

During the prior year, the Company subscribed for 750,000 shares at £1 per share in its wholly owned subsidiary Stobart Truckstops Limited.

17 Associates

Details of the company's associates at 30 November 2020 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
Eddie Stobart Logistics Europe NV	2.	0.01	0.01	Contract logistics

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

Address:
2. Eikelaarstraat 28, 3600 Genk, Belgium.

18 Joint ventures

Details of the company's joint ventures at 30 November 2020 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
IPS at Eddie Stobart Limited	3.	50.00	50.00	Contract logistics

Address:
3. C/O Culina Group Limited, Shrewsbury Road, Market Drayton, TF9 3SQ.

19 Stocks

	2020 £000	2019 £000
Fuel and lubricants	1,639	1,888
Consumable supplies	39	136
	1,678	2,024

Purchases of these goods during the year are charged directly to the income statement.

20 Finance lease receivables

	2020 £000	2019 £000
Gross amounts receivable under finance leases:		
Within one year	1,621	-
One to two years	1,621	-
Two to three years	1,621	-
Three to four years	1,621	-
Four to five years	1,621	-
Over five years	10,257	-
Total undiscounted lease payments receivable	18,362	-
Unearned finance income	(7,178)	-
Net investment	11,184	-
Due within one year	1,553	-
Due after more than one year	9,631	-
Total finance lease receivables	11,184	-

The company sub-lets a number of its land and building leases to third parties. An assessment is made for each sub-leasing arrangement as to whether the sub-lease constitutes a finance or operating lease. For sub-leases which constitute a finance lease, the right of use asset is derecognised and instead, a finance lease receivable is recognised.

21 Debtors

	2020 £000	2019 £000
Trade debtors	76,079	98,870
Expected credit losses	(1,195)	(2,600)
	74,884	96,270
Other debtors	21,685	14,384
Amounts owed by fellow group undertakings	116,673	104,700
Prepayments and accrued income	24,545	25,368
	237,787	240,722

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

Expected credit losses for the year have been charged to the Income Statement under Administration expenses.

22 Borrowings

	2020 £000	2019 £000
Unsecured borrowings at amortised cost		
Invoice discounting facility	51,667	69,233

22 Borrowings (Continued)

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020 £000	2019 £000
Due within one year liabilities	51,667	69,233

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.

Loans and borrowings relate to the invoice discounting finance facility of up to £110m (2019: £110m) though normally restricted to £100m (2019: £100.0m), 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 2024. As at 30 November 2020 the balance drawn down against the invoice discounting finance facility is £51.7m (2019: £69.2m).

23 Creditors

	Due within one year		Due after one year	
	2020 £000	2019 £000	2020 £000	2019 £000
Trade creditors	50,371	64,869	-	-
Amounts owed to fellow group undertakings	22,052	23,708	-	-
Accruals and deferred income	52,170	39,819	2,004	17,214
Deferred lease incentives	-	1,953	-	55,886
	124,593	130,349	2,004	73,100

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

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

Deferred lease incentives and lease liabilities held within accruals were recognised in previous years under IAS 17 and released over the life of the lease to which they related. Upon transition to IFRS 16 in the year, the deferred lease incentives have been reclassified into right of use assets.

24 Lease liabilities

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020 £000	2019 £000
Current liabilities	75,626	4,091
Non-current liabilities	377,880	10,679
	453,506	14,770

Amounts recognised in profit or loss include the following:	2020 £000	2019 £000
Interest on lease liabilities	34,696	326

24 Lease liabilities (Continued)

The company leases land and buildings, fleet assets, plant and equipment, motor vehicles and IT equipment for use within the business.

Upon transition, the remaining lease term for land and buildings leases range between 1-30 years. Annual lease payments are initially fixed and subsequently are subject to rent reviews at certain intervals during the lease term, which are based on open market values of properties. As such, the variable payments arising from future rent reviews have not been included in the calculation of the lease liability. The rent reviews for some land and buildings leases are also subject to cap and collar rent increases, whereby the annual rent increases over the lease term by a percentage within a defined range. Cap and collar rent increases have been included within the lease liability based on the minimum percentage increase, where relevant for a lease.

The company sub-lets a number of its land and building leases for which a lease liability is recognised on the statement of financial position. Note 20 contains further information on sub-leasing arrangements.

A number of land and buildings leases contain options to extend or terminate the lease beyond or prior to the expiry of the original lease term. For each lease, Management has made an assessment as to whether it is reasonably certain to exercise the option and if so, has amended the lease term appropriately.

Upon transition, the average remaining lease term for fleet assets and motor vehicles is 3 years, and for plant and equipment and IT equipment 2 years. Lease payments for these types of leases are generally fixed.

The movements in the lease liability during the period are shown in the table below:

	£000
Lease liability at 1 December 2019	484,291
Interest expense	34,696
Repayments made	(91,282)
Additions	59,865
Disposals	(34,064)
Lease liability at 30 November 2020	**453,506**

The total cash outflow for leases during the period is equal to the repayments made.

25 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances	Tax losses	Trading temporary differences	Total
	£000	£000	£000	£000
Deferred tax asset at 1 December 2019	(562)	(5,515)	93	(5,984)
Deferred tax movements in current year				
Credit to profit or loss	(1,478)	917	(1,107)	(1,668)
Credit to other comprehensive income	-	-	3,307	3,307
Deferred tax asset at 30 November 2020	(2,040)	(4,598)	2,293	(4,345)

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2020	2019
	£000	£000
Deferred tax assets	4,345	5,984

26 Provisions for liabilities

	2020	2019
	£000	£000
Dilapidations	11,055	11,661
Motor vehicle insurance	5,735	6,533
Onerous leases	-	1,519
Employee claims	565	892
Other claims	-	2,089
	17,355	22,694

26 Provisions for liabilities (Continued)

Movements on provisions:	Dilapidations	Motor vehicle insurance	Onerous leases	Employee claims	Other claims	Total
	£000	£000	£000	£000	£000	£000
At 1 December 2019	11,661	6,533	1,519	892	2,089	22,694
Additional provisions in the year	954	3,774	-	270	-	4,998
Reversal of provision	(1,404)	(951)	(687)	-	(1,184)	(4,226)
Utilisation of provision	(576)	(3,621)	(832)	(597)	(905)	(6,531)
Unwinding of discount	37	-	-	-	-	37
Other	383	-	-	-	-	383
At 30 November 2020	11,055	5,735	-	565	-	17,355

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 has made judgments around how potential lease extensions may impact dilapidation obligations.

Motor Vehicles:
The Company has various ongoing claims relating to motor accidents that its 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.

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.

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

27 Share capital

	2020	2019
	£000	£000
Ordinary share capital		
Issued and fully paid		
21,434,709 Ordinary shares of £1 each	21,434	21,434
	21,434	21,434

The Company has one class of ordinary shares which carry no right to fixed income, each carry the right to one vote at general meetings of the Company. Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

28 Reserves

Translation reserve

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

Profit and loss reserves

Profit and loss reserves represent the cumulative profit and loss of the company and capital contributions received from the parent, net of distributions to owners.

During the year the Company received the benefit of shareholder contributions totalling £20,823,000 in the form of capital contributions. This relates to a loan note waiver with Logistics Development Group plc (formerly Eddie Stobart Logistics plc) following the acquisition of a majority interest in the wider GWSA Group by funds managed by DBAY Advisors ('DBAY') on 9 December 2019.

29 Contingent liabilities

There is a comprehensive bank cross guarantee arrangement between the Company and certain of its fellow subsidiary undertakings. During the year the bank guarantee was revised to create a Facility B2 which committed the group to a minimum repayment of £35.0m against the overall liability by August 2021, which was subsequently amended to May 2021. The maximum potential liability at 30 November 2020 was £124.8m (2019: £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.

Greenwhitestar Acquisitions Limited has a contingent liability in respect of a bond covering its motor insurance to a maximum aggregate of £6m (2019: £11.7m). The bond has been indemnified by a number of Companies in the Greenwhitestar Acquisitions Limited group including the Company.

30 Related party transactions

Other transactions with related parties

Transactions entered into, and trading balances outstanding at 30 November with other related parties are as follows:

2020 Related Party Disclosures	Description of related party	Sales to related party	Purchases from related party	Balance owed by related party	Balance owed to related party
		£'000	£'000	£'000	£'000
Directors' loans	a	-	-	475	-
IPS at Eddie Stobart Limited	b	1,683	-	-	-
Nelson Bostock Group Limited	d	-	102	-	22
Logistics Development Group plc (formerly Eddie Stobart Logistics plc)	e	195	-	609	-
Puro Ventures Limited	c	960	13,487	273	-
April's Kitchen Limited	f	-	121	-	-
AST Signs Limited	f	23	290	-	88
HGV Curtains Limited	f	-	62	-	23
Oakfield Manor Estates Limited	f	5	766	100	-
Smith Bros. Services Limited	f	795	44	-	8
Stocalfe Response Ltd	f	-	7	-	-
William Stobart & Son Limited	f	92	2,083	75	-
WS Specialist Logistics Limited	f	1,010	5,729	-	935
WS Storage Solutions Limited	f	-	753	-	-
WS Tanker Logistics Limited	f	46	-	1	-

2019 Related Party Disclosures	Description of related party	Sales to related party	Purchases from related party	Balance owed by related party	Balance owed to related party
		£'000	£'000	£'000	£'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 Group Limited	d	-	38	-	38

30 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 prior 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 association with the Ultimate Parent Undertaking, DBay.

e. Logistics Development Group plc (formerly Eddie Stobart Logistics plc) indirectly own 49% of the Company after disposing of 51% of its shareholding on 9 December 2020.

f. These companies provide various services to the Company and became related parties with the appointment of a new director on 10 April 2020.

31 Controlling party

The immediate parent undertaking is Eddie Stobart Group Limited.

At the reporting date, the ultimate parent Company and the smallest and largest group for which group financial statements are drawn up and of which the Company is a member is Greenwhitestar Acquisitions Limited, incorporated in the United Kingdom. Copies of the financial statements of Greenwhitestar Acquisitions Limited can be obtained from its registered office at Stretton Green Distribution Park, Langford Way, Appleton, Warrington, Cheshire, WA4 4TQ.

The ultimate controlling party is Alex Paiusco by virtue of a majority shareholding in Greenwhitestar Acquisition Limited's ultimate controlling entity, DBAY Advisors Limited.