Registered Number:
1350718

Fraikin Limited

Report and Financial Statements

31 December 2020

Directors
J C P Mellier
D F Andre
D R Hall

Auditors
Ernst & Young LLP
No. 1 Colmore Square
Birmingham
B4 6HQ

Bankers
The Royal Bank of Scotland
15 Little Park Street
Coventry CV1 2RN

Lloyds TSB
2nd Floor, 125 Colmore Row
Birmingham B3 3SF

Solicitors
The Wilkes Partnership LLP
41 Church Street
Birmingham
B3 2RT

Registered Office
First Floor 2M
Middlemarch Business Park
Siskin Dr
Coventry
CV3 4FJ

Strategic Report

The directors present their strategic report for the year ended 31 December 2020.

Results and dividends

The loss for the year after taxation amounted to £485,968 (2019 – £2,254,731). The directors do not recommend a dividend for the year (2019 – £nil).

Principal activity and business review

The principal activity of the company during the year continued to be the provision of contract hire facilities and other services in relation to commercial vehicles, as well as carrying out services on behalf of Fraikin Assets UK for which it receives management fees.

The company produces a comprehensive range of key performance indicators each month in order to measure the financial and operational parts of the business. Key financial performance indicators include turnover, vehicle fleet statistics and operating profit.

Turnover for the year ended 31 December 2020 was £56,693,582 (2019 – £58,192,427). The decrease in the year is due to reduction in management fee charged to Fraikin Assets which is the result of reduction in number of fleet managed by the company for Fraikin Asset.

The number of vehicles in the contract hire fleet as at 31 December 2020 was 1,572 (2019 – 684). The growth in fleet was due to the development of new customers. The fleet management portfolio increased during the year to 4,722 units as at 31 December 2020 (2019 – 3,346). The growth in fleet whilst starting to benefit revenue in 2020 will primarily benefit revenue in 2021, as the increase in the fleet is due to new contracts and growth in contracts for 2021.

Operating loss for the year ended 31 December 2020 was £727,261 (2019 – £3,041,854). Gross profit margins excluding impairment provisions have decreased in 2020 – 9.5% (2019 – 11.8%) due to the combined impact of reduction in turnover with the slight increase in the wages and salaries associated with the cost of sales along with higher depreciation of vehicles under leases when compared to previous year. Administrative expenses have decreased by 35% in 2020. This is mostly due to the reduction in travel and subsistence (related to Covid-19), reduction in bad debt provision, and benefits from organisational restructure.

The transition period for the UK leaving the European Union ended on 31 December 2020 with a deal having been agreed, resulting in new rules from 1 January 2021.

As a pan-European business with a major UK operation, lack of clarity on Brexit had been a source of uncertainty for our business and the industry. Whilst the rules have been confirmed any impact of these has yet to be directly felt due to the continuing Covid pandemic. However based on what has been implemented we remain confident that there will be no material disruption to the business as a result of Brexit.

Trading terms with the European Union have also been confirmed and whilst this has provided some clarity it remains difficult to evaluate all the potential implications to external suppliers, customers and the commercial vehicle industry as a whole as the economy remains restricted by the pandemic.

Fraikin Limited operates a young fleet and this favorable age profile allows the business, if required, to optimise its capital expenditure management during the period whilst maintaining a high level of customer service. Based on this context, the Board remains confident that the company can continue operating the business and can even operate during a prolonged period of reduced activity, including the event of further lockdown, neither of which is envisaged.

Strategic Report (continued)

Financial risk management objectives and policies

The main risks arising from the company's operations are liquidity risk, credit risk and interest rate risk. The company does not enter into any foreign exchange transactions with the exception of those with group companies. The directors review and agree policies for managing each of these risks and these are summarised below.

Liquidity risk

The company seeks to manage liquidity risk by managing the cash generation from its operations, applying cash collection targets and monitoring performance against these. In addition the company has access to additional asset finance which is provided across multiple funders and is sufficient to support growth in the contract hire fleet. Fraikin Group is also financed through a securitisation agreement taken out by Fraikin Assets SAS. The facility is a multicurrency loan and revolving facility. This facility is in the process of being renewed (see note 2).

Interest rate risk

The company is exposed to changes in interest rates. The risk is regulary reviewed and managed at the UK level for the local funding of the fleet which forms a smaller part of the overall risk.

Overall the risk is managed by the parent entity, which has in place interest rate swaps to manage rate fluctuations on its group external loans.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk arises from its trade debtors. In order to manage credit risk the directors ensure that all customers undergo third party credit checks and they undertake regular reviews of credit limits and outstanding amounts due.

Brexit risk

Brexit has continued to shape the economy since June 2016 and further impact has been seen since the deal between UK and the rest of Europe, on 24 January 2020.Throughout the Covid-19 pandemic our first priority was to keep our people and customers safe. The areas which have impacted the company are through the supply of goods, services, and assets (including the availability of spares) . The company has put all the necessary actions in place to keep this impact to the minimum. We do not expect these to have a detrimental impact in future.

We have seen a slight increase in prices of assets and parts as a result of exchange rate movements and/or tariffs and lack of availability of parts stock, however we are mitigating this risk via amending the terms of our Master Hire Agreements to enable any additional costs to be passed on to our customers, and have ensured that our suppliers have sufficient stock levels to enable our business to continue operating.

Strategic Report (continued)

Section 172 (1) Statement

DIRECTORS DUTIES

The Directors of the Company as those of all UK companies must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

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

The following paragraphs summarise how the Directors fulfil their duties:

Significant Transactions

Due to the principal activity of the company high levels of capital investment in new fleet is required both for new and existing customers. The UK investment committee meet once a week to review, agree and sign off all capital investments subject to the proposal meeting the specific set criteria. Detailed calculations are presented to allow the investment committee to reach a decision within their limit of £1m per single investment. Credit underwriting is completed and the customer is credit approved before being presented to the DOA (Delegation of Authority) committee. All locally approved proposals are discussed at the monthly UK results review held with the Group.

All investment decisions greater than £1m requires additional supporting documentation which is prepared by local management and submitted to Group for ultimate approval and formal sign off.

Strategic Report (continued)

Our People

The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. People are at the heart of our specialist services and are our DNA. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way.

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

All employees are requested to complete an annual appraisal followed by a one to one meeting in which goals and objectives are agreed and prior year performance is reviewed. A further bi annual appraisal is carried out during the year to ensure that each employee is on target to deliver results, or requires additional training and support to assist. The annual appraisals are linked in part to performance awards.

The company has identified a pool of employees as high potential, career development, training and mentoring programmes have been put in place to guide and support these individuals as part of the succession planning process.

Historically the company held quarterly town hall meetings to update employees on performance and ongoing / future projects. Following the impact of COVID-19, the majority of head office based employees have and continue to work remotely. The management team recognised the importance of keeping the whole of the workforce updated regularly to advise and update the workforce on government guidance, company policy, keeping safe and to answer any questions to give reassurance as a result a weekly update was personally communicated to all employees by the Managing Director. In addition daily updates and tips for mental health and wellbeing were communicated electronically by the HR and Health and Safety teams during the period.

The meetings have now evolved into a fortnightly company update, which includes a chosen guest speaker from the company to give insight into their particular area of the business, employees are encouraged to ask questions ahead of the meeting which are answered in the address along with shout outs and thank you's. Given the success of these meetings the management have agreed that they will continue to be held for the foreseeable future.

Business Relationships

The Company recognises the importance of its business relationships with CAPEX / OPEX suppliers, customers and financiers. During the year increases to funding have been secured to allow the business to promote specific brands which has further strengthened relationships with OEM's. The directors understand the important role that the third party supplier network performs to ensure that the company delivers the optimum service to the customer base to ensure that all vehicles are maintained effectively and remain legally compliant, regular and open dialogue is maintained between this network and the management to ensure any potential disruption is minimised.

Strategic Report (continued)

Community and Environment

The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our experience and enable colleagues to support the communities around us. The UK senior management team agreed to work with Coventry City of Culture and women in transport as well as employees raising fund through the 2 mile crew for Zoë's Place charity. The project was delayed due COVID-19 restrictions and will continue in 2021 accordingly.

The UK senior management team agreed to create a new Head of Compliance Role within the company with enhanced focus on health and safety within the workshops, ensuring that the correct PPE is worn at all times, vehicles are thoroughly sanitised before being returned to customers, safe social distancing measures are in place and adhered to at all times.

All hazardous waste is disposed of by a specialist company engaged by the Head of Compliance at the request of the UK senior management team. Any non-conformance and their corrective measures are reported to the UK senior management team immediately.

Shareholders

The UK senior management team is committed to openly engaging with all of our stakeholders, as we recognise the importance of a continuing effective dialogue, whether with major institutional investors, group parent and other key shareholders. It is important to us that shareholders understand our strategy and objectives so these must be explained clearly, feedback heard and any issues or questions raised properly considered which is achieved by the following:

Our shareholders and group parent entrust the UK senior management team to run the company in good faith on a day to day basis whilst also considering and shaping the future business strategy. The UK senior management team meets monthly to review and discuss the company performance as a whole against both budget and compliance.

This is subsequently followed by a monthly UK results review which is presented to the Group executive team in a set template, all actions arising from the meeting are delegated to the UK senior management team to execute in a timely manner.

In addition to the monthly Group review the Managing Director of the UK is invited to attend the monthly EXECOM shareholders meeting at which the group consolidated results are reviewed with an update then given for each country, the Managing Director is tasked with cascading goals and objectives to the UK senior management team.

The UK senior management team is responsible for the delivery of the UK budget, submissions are formally reviewed with the Group executive team in line with shareholders expectations in November. All adjustments are clearly communicated down to the UK senior management team who will amend and re submit accordingly. The consolidated group budget is then presented to the shareholders for formal sign off in December; once this has been received the budget is disseminated to the UK to action.

On behalf of the Board

D R Hall
Director
Date: 15th October 2021

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2020. As permitted by the Companies Act, certain items which should be included in the Directors report have been included in the Strategic report.

Directors

The directors who served the company during the year and subsequently were as follows:

J C P Mellier
D F Andre
D R Hall (appointed 1 February 2020)

Future Developments

The Company intends to continue operating in the provision of contract hire facilities and other services in relation to commercial vehicles.

Going concern

COVID-19 has continued to impact the global and UK economies, with dislocations resulting in most industry sectors and stress being felt within the SME ecosystem. In line with the previous year the company has continued in its ordinary course of business, supporting SME's whilst taking proactive actions to protect its balance sheet against current and potential future stresses.

As previously, due to the interdependency of Fraikin Limited with Fraikin Assets (a division of Fraikin SAS), cash flows have been reviewed on a combined basis. Forecasting has been completed with a number of assumptions through to the of October 2022; which are predominantly based on levels of delinquency stemming from forbearance of the long term contract hire book of business, which show that the UK would continue to have funds to meet its liabilities as they fall due.

Given the complex nature of the company's contractual arrangements and the level of fees due from companies within the Fraikin Group, primarily Fraikin Assets there is a reliance on the going concern of Fraikin SAS for the ongoing nature of the company's operations. Fraikin Assets SAS is also party to the Group securitisation. As a result, a letter of support has been obtained from the company's parent company, Fraikin SAS and the directors have therefore also considered whether the Group can provide such support.

The current securitisation facility in place for Fraikin SAS was initially due to be renewed and replaced by the end of April 2021, however following waivers being received it is now expected to be renewed in November 2021. Whilst it is extremely unlikely that the facility will not be renewed due to the nature of the debt, the Directors have concluded that as there is no certainty that it will be and have therefore considered the consequences further.

The Directors note that a delay in renewal or non-renewal does not require the debt to be repaid but instead no further borrowing can be made under the securitisation. In this instance, the business would not decline immediately due to long term lease contracts and additional loan funding secured by the group of €40m and local funding arrangements which are in place would absorb any potential delays in the renewal of the securitisation facility, and could finance any capital expenditure for the foreseeable future, if financing was required.

Directors' Report (continued)

Going concern (continued)

In terms of additional funding within the Group, the €40m government state loan repayment has been extended by 4 years to August 2025. As a result both tranches of senior debt have therefore been extended (as government loan needs to be repaid first) to April 2026 and October 2026.

On this basis the Directors have confidence that the group will continue to perform strongly for the foreseeable future, the securitisation will be renewed and also that the Group has the ability to operate for the foreseeable future even if the facility was not renewed. As a result, the Company's financial statements have been prepared on a going concern basis.

Directors' qualifying third party indemnity provision

The company has indemnified the directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' report.

Energy and Carbon Report

During the year the company's energy consumption has been as follows:

	2020 tc02e
Emissions from combustion of Gas Oil	129
Emissions from combustion Natural Gas	93
Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel	52
Emissions from purchased electricity	174
Total gross tCO2e based on above	449
Intensity ratio (tCO2e/FTE)	0.14
The company's total KwH consumption in the year was 1,981,623	

The company continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements,

Fraikin puts energy and ecological transition at the heart of its business and during 2020 plans have been formulated to be launched in 2021.

We have launched and implemented the below strategic initiatives:

- EV Strategy
- Fraikin Connect
- What you need to know guides
- ISO 14001 Certification

Fraikin (offices and sites have occupancy sensors for lights to cut electricity use and address

Directors' Report (continued)

inefficient and unnecessary lighting.
Finally, recommendations identified as part of ESOS PH2 assessment are under review for future implementation.

Additional indirect energy and carbon emission savings have also been achieved through a range of measures, including implementation of new enterprise-level software application which provides a quality assurance and data capture capabilities into one energy and carbon management solution. This also provides audited and verified data on our GHG emissions.

Meeting the requirements of the UK Government Scheme, "Streamlined Energy and Carbon Reporting":

The energy and carbon reporting above has been produced using the following methodology:

Emissions factor source - DEFRA 2020
Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. Transport data was calculated from litres and mileage data to kWh and GHG emissions using the method above. In the absence of the exact engine sizes of the vehicles average conversion factors were used to calculate emissions.

Electric consumption has been estimated based on invoices received from landlords using 'Quarterly Energy Prices - Prices of fuels purchased by non-domestic consumers in the UK' from BEIS. The quarterly average prices of kWh have been used to calculate consumption.

Following the recommendations of the SECR legislation and based on the nature of our business, as we perform a wide range of activities, FTE (Full Time Equivalent staff) gives the best overview on our efficiency performance with regard to an intensity metric.

Disclosure of information to the 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, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' Report (continued)

Post balance sheet events

There are no post balance sheet events to report.

Re-appointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution has been proposed to change the auditors to Deloitte LLP as the auditor of the company.

On behalf of the Board

D R Hall
Director

Date: 15th October 2021

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the financial statements, state whether applicable UK Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and/ or the group will not continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent Auditor's Report

to the members of Fraikin Limited

Opinion

We have audited the financial statements of Fraikin Limited for the year ended 31 December 2020 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves.

Independent Auditor's Report (continued)

to the members of Fraikin Limited

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 11 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report (continued)

to the members of Fraikin Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant to be those relating to the United Kingdom General Accepted Accounting Practice, the Companies Act 2006, and United Kingdom direct and indirect tax regulations. In addition, the company must comply with operational and employment laws and regulations including health and safety regulations, environmental regulations and GDPR and furlough regulations.
- We understood how Fraikin Limited is complying with those frameworks by making enquiries of senior finance personnel and gaining an understanding of the entity level controls of the company in respect of these areas and the controls in place to reduce opportunity for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and in internal meetings to understand where it was considered there was susceptibility to fraud. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored. We determined there to be a risk of management override in relation to the posting of non-standard manual journals in respect of revenue and the estimation of accrued income and rebate receivables.
  To address the risk of management override, we have used data analytics and obtained the entire population of journals for the year, and identified specific transactions for further investigation based on certain criteria. We understood the transactions identified for testing and agreed them to source documentation. We also populated the three way correlation from revenue to receivables to cash. With respect to accrued income and rebates, we performed substantive procedures to gain assurance over the balance, which included agreement to relevant contracts, vouching the appropriateness of assumptions made and/or confirming amounts settled pre and post year-end.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included enquiries of senior finance personnel and agreement of samples of transactions throughout the audit to supporting source documentation to assess compliance. In addition we completed procedures to conclude on the compliance of the disclosures in the financial statements with all applicable reporting requirements.

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

Independent Auditor's Report (continued)

to the members of Fralkin Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Lorna McNeil (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
15th October 2021

Income Statement

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Turnover	3	56,693,582	58,192,427
Cost of sales		(51,442,633)	(51,677,791)
Gross profit		5,250,949	6,514,636
Administrative expenses		(6,249,629)	(9,557,045)
Other operating income	4	271,419	555
Operating loss	5	(727,261)	(3,041,854)
Interest receivable	8	1,232,298	1,519,228
Interest payable and similar charges	9	(991,005)	(732,105)
Loss on ordinary activities before taxation		(485,968)	(2,254,731)
Tax on loss on ordinary activities	10	-	-
Loss for the financial year		(485,968)	(2,254,731)

The Company had no other comprehensive income during the year. As such total comprehensive income is the same as the loss for the year.

Balance sheet

at 31 December 2020

	Notes	2020 £	Restated 2019 £
Fixed assets			
Intangible assets	11	1,053,355	993,038
Tangible assets	12	22,733,254	19,541,540
Right-of-use assets	13	10,321,990	3,222,802
		34,108,599	23,757,380
Current assets			
Stocks	14	302,191	111,398
Debtors – due within one year	15	54,502,316	59,578,616
Cash at bank and in hand		692,171	620,146
		55,496,678	60,310,160
Creditors: amounts falling due within one year	17	(26,671,378)	(27,243,957)
Net current assets		28,825,300	33,066,203
Total assets less current liabilities		62,933,899	56,823,583
Creditors: amounts falling due after more than one year	18	(16,591,747)	(9,995,463)
Net assets		46,342,152	46,828,120
Capital and reserves			
Called-up equity share capital	19	21,500,000	21,500,000
Share premium account	20	14,413,560	14,413,560
Profit and loss account		10,428,592	10,914,560
Shareholders' funds		46,342,152	46,828,120

Approved for issue by the Board of Directors and signed on its behalf by:

D R Hall
Director

Date: 15th October 2021

Statement of Changes in Equity

for the year ended 31 December 2020

	Share capital £	*Profit and loss account* £	*Share premium* £	*Total share-holders' funds* £
At 1 January 2019	21,500,000	13,169,291	14,413,560	49,082,851
Loss for the year	-	(2,254,731)	-	(2,254,731)
At 31 December 2019	21,500,000	10,914,560	14,413,560	46,828,120
At 1 January 2020	21,500,000	10,914,560	14,413,560	46,828,120
Loss for the year	-	(485,968)	-	(485,968)
At 31 December 2020	21,500,000	10,428,592	14,413,560	46,342,152

Notes to the financial statements

at 31 December 2020

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

Fraikin Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of the registered office is First Floor, 2M, Middlemarch Business Park, Siskin Drive, Coventry, CV3 4FJ.

The financial statements of the Company for the year ended 31 December 2020 were authorised for issue by the board of directors on 15th October 2021 and the balance sheet was signed on the board's behalf by D Andre.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company has used a true and fair view override in respect of the non-amortisation of goodwill.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound except when otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 2.

2. Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The company is a qualifying entity, being part of a group where the parent prepares publicly available consolidated accounts and therefore has taken advantage of the following disclosure exemptions available under FRS 101:

(a) the requirements of IAS 7 Statement of Cash Flows;
(b) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
(c) the requirements of IAS 8 disclosures in respect of new standards and interpretations that have been issued but are not yet effective;
(d) the requirements of IAS 24 Related Party Disclosures in respect of related party transactions entered into by fellow group companies (the company has no other related party transactions);
(e) roll-forward reconciliations in respect of share capital (IAS 1), property, plant and equipment (IAS 16) and intangible assets (IAS 38); and
(f) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
(g) the requirements of IFRS 7 Financial Instrument: Disclosure

Notes to the financial statements (continued)
at 31 December 2020

2. Principal accounting policies (continued)

Prior year adjustment

The comparative financial statements have been restated to include vehicles in progress of £1,277,253 within 'Tangible assets'. This account had incorrectly been mapped to 'Amounts owed by group undertakings' in the prior year.

There is no impact of this presentation change on the income statement or the overall net assets position.

Going concern

COVID-19 has continued to impact the global and UK economics, with dislocations resulting in most industry sectors and stress being felt within the SME ecosystem. In line with the previous year the company has continued in its ordinary course of business, supporting SME's whilst taking proactive actions to protect its balance sheet against current and potential future stresses.

As previously, due to the interdependency of Fraikin Limited with Fraikin Assets (a division of Fraikin SAS), cash flows have been reviewed on a combined basis. Forecasting has been completed with a number of assumptions through to October 2022, which are predominantly based on levels of delinquency stemming from forbearance of the long term contract hire book of business, which show that the UK would continue to have funds to meet its liabilities as they fall due.

Given the complex nature of the company's contractual arrangements and the level of fees due from companies within the Fraikin Group, primarily Fraikin Assets there is a reliance on the going concern of Fraikin SAS for the ongoing nature of the company's operations. Fraikin Assets SAS is also party to the Group securitisation. As a result, a letter of support has been obtained from the company's parent company, Fraikin SAS and the directors have therefore also considered whether the Group can provide such support.

The current securitisation facility in place for Fraikin SAS was initially due to be renewed and replaced by the end of April 2021 however following waivers being received it is now expected to be renewed in November 2021. Whilst it is extremely unlikely that the facility will not be renewed due to the nature of the debt, the Directors have concluded that as there is no certainty that it will be and have therefore considered the consequences further.

The Directors note that a delay in renewal or non-renewal does not require the debt to be repaid but instead no further borrowing can be made under the securitisation. In this instance, the business would not decline immediately due to long term lease contracts and additional loan funding secured by the group of €40m and local funding arrangements which are in place would absorb any potential delays in the renewal of the securitisation facility, and could finance any capital expenditure for the foreseeable future, if financing was required.

In terms of additional funding within the Group, the €40m government state loan repayment has been extended by 4 years to August 2025. As a result both tranches of senior debt have therefore been extended (as government loan needs to be repaid first) to April 2026 and October 2026.

On this basis the Directors have confidence that the group will continue to perform strongly in the foreseeable future, the securitisation will be renewed and also that the Group has the ability to operate for the foreseeable future even if the facility was not renewed. As a result, the Company's financial statements have been prepared on a going concern basis.

Notes to the financial statements (continued)
at 31 December 2020

2. Principal accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, 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 estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Residual values of fixed assets and useful economic lives

Management judgement is required to assess the residual value of the fixed assets as well as their useful economic life.

Impairment review for Property, Plant & Equipment

Management assesses the need for an impairment of the carrying value of property, plant and equipment through an annual review of the expected future net cash flows of the business. This is based on a number of management assumptions relating to revenue and EBITDA growth and the applicable discount rate.

If an impairment review is required management consider the recoverable value of the assets, which is the higher of the net realisable value of the vehicles and also their value in use. The reviews include a number of assumptions hence an area of judgement and estimation.

Significant accounting policies

Foreign currency translation

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Notes to the financial statements (continued)
at 31 December 2020

2. Principal accounting policies (continued)

Intangible assets

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. Acquisition costs incurred are expensed and included in administrative expenses.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

The useful economic life of software is 7 years.

Tangible fixed assets

Tangible fixed assets are stated at cost (less manufacturers' discounts) less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is calculated so as to write off the cost of an asset via a reducing balance method over the useful asset life, as follows:

Vehicles up to and including 3.5T	–	10 years
Vehicles over 3.5T	–	12 years
Tractor units	–	10 years
Trailers	–	14 years

At the end of these useful lives the asset value is reduced to £nil.

For all other tangible fixed asset classes depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold land	–	not depreciated
Freehold buildings	–	20 years
Plant, machinery and equipment	–	3 to 10 years
Leasehold improvements	–	the term of the lease

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Notes to the financial statements (continued)
at 31 December 2020

2. Principal accounting policies (continued)

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement.

Leases – company as a lessor

Assets leased out under operating leases are included in property, plant and equipment and depreciated over their estimated useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Leased right-of-use assets

The Company applies a single recognition and measurement approach for all leases except for short-term leases and leases of low value assets. The Company recognises lease liabilities in respect of oblifgations to make lease payments and right of use assets representing the right of us of the underlying assets.

The Company transitioned to IFRS 16 'Leases' on 1 January 2019 under a modified retrospective transition approach and on transition, right of use assets were recognised at the amount equal to the lease liability at transition date adjusted by any amount of prepaid or accrued lease payments, discounted at the incremental borrowing rate (IBR).

Following the adoption of IFRS16 right of use asset are recognised on the commencement date of the lease, at the amount of the corresponding lease liability, discounted at the leases IBR.

The IBR is the rate of interest that the company have to pay to borrow over a similar term, and with similar security the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment.

The company determines the lease term as the non-cancellable term of the elease, together with any periods covered by an option to extend the lease if it reasonably certain to be exercised, or any periods covered by an option to termintate the lease, if it is reasonably certain whether or not to exercise the option to renew or terminate. After the commencement date, the company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not exercise the option to renew or terminate.

The right-of-use asset is depreciated over a straight line basis over the term of the lease, or, if shorter, the useful life of the asset. The useful lives of right-to-use assets are estimated based on the term of the lease. The leased right-of-use assets are also subject to impairment.

Financial Instruments - Financial assets

The company has loans and receivables, such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment.

Trade debtors, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is

Notes to the financial statements (continued)
at 31 December 2020

2. Principal accounting policies (continued)

objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

IFRS9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included loans, other debt-type financial assets measured at amortised cost and inter-company balances and trade receivables.

Financial Instruments - Financial assets (continued)

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and managing expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

Financial Instruments - Financial liabilities

In addition to short-term creditors, the company only has loans and borrowings. Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Notes to the financial statements (continued)
at 31 December 2020

2. Principal accounting policies (continued)

Revenue recognition

Sale of goods and services

Revenue from contract hire vehicles, daily rental vehicles and maintenance contracts is recognised equally over the period of the contract. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. Customer deposits are deferred and released to income at the end of the contract or refunded to the customer.

Revenue from management, purchasing and maintenance services is recognised as the service is provided, in line with the underlying contractual agreements.

The company purchases vehicles for use in contracts by Fraikin Assets UK. These vehicles are immediately reassigned to Fraikin Assets UK under a Master Assignment Deed, such that Fraikin Limited does not own the vehicles. A commission is earned for providing this service which is recognised as revenue when title of the vehicle is passed to Fraikin Assets UK.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Other income

Rental income is recognised equally over the term of the lease.

Government Policy

Monies receivable under the government furlough's scheme is credited to profit and loss account in the period that the respective claim is related to.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions are charged to the profit and loss account in the period they become payable.

Provisions for liabilities

A provision is recognised when the company has a legal constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Repairs and maintenance

Expenditure in respect of repairs and maintenance of the company's fleet of commercial vehicles is charged to the profit and loss account in the accounting period in which the expenditure is incurred.

Notes to the financial statements (continued)
at 31 December 2020

3. Turnover
Analysis of turnover by service provided:

	2020 £	2019 £
Contract Hire, Truck Rental and Fleet Management	30,676,107	29,889,240
Management Fees	23,200,063	25,889,298
Other Services	2,817,412	2,413,889
	56,693,582	58,192,427

All turnover arose within the United Kingdom.

4. Other operating income

	2020 £	2019 £
Rent receivable	-	555
Furlough income	271,419	-
	271,419	555

5. Operating loss
This is stated after charging/ (crediting):

	2020 £	2019 £
Auditors' remuneration – audit of the financial statements	120,000	120,000
- tax services	2,500	8,350
	122,500	128,350
Depreciation of owned fixed assets	4,333,600	4,786,949
Depreciation of right-of-use assets	1,777,796	994,971
Impairment of fixed assets	143,250	343,435
Amortisation of intangible assets	589,672	575,880
(Profit) on disposal of fixed assets	(129,386)	(58,891)
Realised exchange loss/(gain) on foreign currency borrowings	819,687	796,689

Notes to the financial statements (continued)
at 31 December 2020

6. Directors' emoluments

	2020	*2019*
	£	*£*
Emoluments receivable in respect of qualifying directors	168,341	216,790
Company pension contributions to money purchase scheme	9,750	20,400

The number of directors who accrued benefits under the company pension scheme was as follows:

	2020	*2019*
	No.	*No.*
Money purchase schemes	1	1

The above disclosures also represent that of the highest paid director.

Two (2019 – two) of the directors are employed and remunerated by the parent company. The directors remunerated by the parent company consider that their time spent on Fraikin Limited is inconsequential and as such no remuneration is disclosed for the years ended 31 December 2020 and 31 December 2019.

7. Staff costs

	2020	*2019*
	£	*£*
Wages and salaries	9,689,688	8,911,891
Social security costs	948,311	881,133
Other pension costs	311,057	310,996
	10,949,056	10,104,020

The average monthly number of employees during the year was made up as follows:

	2020	*2019*
	No.	*No.*
Management and administration	125	129
Vehicle maintenance	145	129
	270	258

Notes to the financial statements (continued)
at 31 December 2020

8. Interest receivable

	2020	2019
	£	£
Bank interest receivable	680	4,308
Intercompany interest receivable	1,231,618	1,514,920
	1,232,298	1,519,228

9. Interest payable and similar charges

	2020	2019
	£	£
External bank loans and overdrafts	579,696	504,240
Right of use assets	411,309	227,865
	991,005	732,105

10. Tax

(a) Tax credited in the profit and loss account

	2020	2019
	£	£
Current tax:		
UK corporation tax on the loss for the year	-	-
Adjustment in respect of prior years	-	-
Total current tax (note 10(b))	-	-
Deferred tax:		
Origination and reversal of temporary differences	-	-
Total deferred tax (note 16)	-	-
Tax income in the profit and loss account	-	-

Notes to the financial statements (continued)
at 31 December 2020

(b) Reconciliation of the total tax credit

The tax credit in the profit and loss account for the year is lower (2019 – lower) than the standard rate of corporation tax in the UK of 19% (2019 – 19% (translated from 17% from previous year)). The differences are reconciled below:

	2020	*2019*
	£	*£*
Loss before taxation	(485,968)	(2,254,731)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	(92,334)	(428,399)
Effects of:		
Expenses not deductible for tax purposes	180,094	192,338
Amounts not recognised	(87,760)	236,061
Income not taxable	-	-
Adjustment in respect of prior years	-	-
Total tax credit reported in the profit and loss account (note 10(a))	-	-

In the spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%. Which is due to be effective from 1 April 2023.This change was not substantively enacted at the balance sheet date and hence has not been reflected in the measurement of deferred tax balances at the period end.

11. Intangible fixed assets

	Goodwill	*Software*	*Total*
	£	*£*	*£*
Cost:			
At 1 January 2020	9,580,638	4,031,148	13,611,786
Additions	-	649,989	649,989
At 31 December 2020	9,580,638	4,681,137	14,261,775
Amortisation:			
At 1 January 2020	9,580,638	3,038,110	12,618,748
Charge for the year	-	589,672	589,672
At 31 December 2020	9,580,638	3,627,782	13,208,420
Net book value:			
At 31 December 2020	-	1,053,355	1,053,355
At 31 December 2019	-	993,038	993,038

Notes to the financial statements (continued)
at 31 December 2020

12. Tangible fixed assets

	Freehold land and buildings	*Plant, machinery and equipment*	*Contract vehicles*	*Leasehold improve-ments*	*Total*
	£	£	£	£	£
Cost:					
At 1 January 2020 (restated*)	444,521	2,122,708	33,322,598	3,457,386	39,347,213
Additions	-	20,021	8,707,224	-	8,727,245
Disposals	-	(199,784)	(2,532,461)	-	(2,732,245)
At 31 December 2020	444,521	1,942,945	39,497,361	3,457,386	45,342,213
Depreciation:					
At 1 January 2020	111,461	517,491	16,939,047	2,237,674	19,805,673
Charge for the year	32,900	251,206	3,925,797	123,697	4,333,600
Impairment charge	-	-	143,250	-	143,250
Disposals	-	(18,357)	(1,655,207)	-	(1,673,564)
At 31 December 2020	144,361	750,340	19,352,887	2,361,371	22,608,959
Net book value:					
At 31 December 2020	300,160	1,192,605	20,144,474	1,096,015	22,733,254
At 31 December 2019 - *Restated*	333,060	1,605,217	16,383,551	1,219,712	19,541,540

*See note 2 – contract vehicles have been restated by £1,277,253 in relation to the prior year, where vehicles in progress were incorrectly mapped to amounts due to group undertakings.

Following an impairment review, an impairment of £143,250 has been recorded (2019 - £343,345), the key reason due to the average age of the rental fleet increasing and the impact on the utilisation of these particular assets.

Included in contract vehicles there are £1,512,034 (2019: £1,277,253 restated) are the assets under construction included in contract hire vehicles and no depreciation is charged on these assets.

Notes to the financial statements (continued)
at 31 December 2020

13. Right-of-use assets

	Leasehold land and buildings	*Commercial Vehicles*	*Company Car Leases*	*Total*
	£	£	£	£
Cost:				
At 1 January 2020	3,379,995	381,518	456,260	4,217,773
Additions	1,357,395	7,492,779	95,888	8,946,062
Disposal	(243,720)	-	(245,290)	(489,010)
At 31 December 2020	4,493,670	7,874,297	306,858	12,674,825
Depreciation:				
At 1 January 2020	711,868	66,422	216,681	994,971
Charge for the year	698,290	968,173	111,333	1,777,796
Disposal	(243,720)	-	(176,212)	(419,932)
At 31 December 2020	1,166,438	1,034,595	151,802	2,352,835
Net book value:				
At 31 December 2020	3,327,232	6,839,702	155,056	10,321,990
At 31 December 2019	2,668,127	315,096	239,579	3,222,802

14. Stocks

	2020	*2019*
	£	£
Spare parts, fuel and lubricants	302,191	111,398

The difference between the purchase price of stock and its replacement cost is not material.

Notes to the financial statements (continued)
at 31 December 2020

15. Debtors

	2020	Restated 2019
	£	£
Trade debtors	6,672,254	7,392,505
Amounts owed by group undertakings	41,654,253	48,795,637
Other debtors	1,040,245	841,421
Prepayments and accrued income	5,135,564	2,549,053
	54,502,316	59,578,616

Included within amounts owed by group undertakings are loans to Fraikin SAS of £31,915,127 (2019 - £31,046,498) and Fraikin Assets UK of £5,500,000 (2019 - £5,500,000). The former is repayable on demand and interest is payable at a variable rate set by the Bank of France, whilst the latter is repayable on demand, but only in the event that Fraikin Assets UK has surplus funds in line with a signed agreement. Interest is payable at a variable rate set by the Bank of France.

16. Deferred tax

The movement in the deferred tax account during the year was:

	2020	2019
	£	£
Balance brought forward	-	-
Profit and loss account movement arising during the year (note 10(a))	-	-
Balance carried forward	-	-

Unrecognised deferred tax relates to:

	2020	2019
	£	£
Trading losses	1,600,771	1,095,157
Fixed assets	158,242	418,054
Temporary trading difference	146,693	170,171
	1,905,706	1,683,382

The deferred tax asset not recognised at 19% (2019: 17%) amount to £1,905,706 (2019: £1,683,382).

Deferred tax is not recognised due to uncertainty around level of future taxable profits.

Notes to the financial statements (continued)
at 31 December 2020

17. Creditors: amounts falling due within one year

	2020	2019
	£	£
Loans (note 18)	6,410,327	5,272,304
Right-of-use lease liability (note 18)	2,212,884	997,935
Trade creditors	6,541,679	5,965,239
Amounts owed to group undertakings	2,812,081	7,716,756
Other taxation and social security	1,558,628	348,495
Other creditors	-	540,900
Accruals and deferred income	7,135,779	6,402,328
	26,671,378	27,243,957

Trade creditors and are non-interest bearing and are normally settled on 60 day terms.
Other creditors are non-interest bearing and are normally settled on 60-90 day terms.
Amounts owed to group undertakings are non-interest bearing and are normally settled on 60 day terms.

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

	2020	2019
	£	£
Loans	7,374,027	7,026,308
Right-of-use lease liability	8,523,779	2,463,837
Other creditors	693,941	505,318
	16,591,747	9,995,463

Loans include facilities with Black Horse Fleet Finance, Man Finance Services, Close Brothers and Mercedes Benz Financial Services UK Ltd. The loans are contracted for the purchase of vehicles and have an average repayment term of 5 years. The loans are secured by a charge over the vehicles purchased through the loan facilities.

A total of £6,410,327 (2019: £5,272,304) is included as a current instalment of the overall loan facilities and represents the portion of the loan which is due within 1 year from the balance sheet date. The total of all loans amount to £13,784,354 (2019: £12,298,612), made up of Black Horse Fleet Finance £6,161,702 (2019: £9,599,037), Man Finance Services £720 (2019: £56,210) and Mercedes Benz Financial Services Ltd £7,263,318 (2019: £2,643,365) and Close Brothers £358,614 (2019: nil). Of the total balance, £17,883 is due after 5 years of the balance sheet date.

Financial liabilities under operating leases / right of use lease liabilities of £2,064,066 were repaid in the year and interest of £411,309 charged. Liability due in less than one year is £2,212,896, 1-5 years is £6,504,565 and more than 5 years is £2,019,202.

Notes to the financial statements (continued)
at 31 December 2020

19. Issued share capital

		2020		2019
Authorised, allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	21,500,000	21,500,000	21,500,000	21,500,000

20. Share premium account

There were no movements in the share premium account during the year.

21. Capital commitments

Amounts contracted but not provided in the financial statements amounted to £303,241 (2019 – £17,820,406).

In addition to above, the business is committed to enter into operating leases amounting to £4,494,834 (2019 Nil) at the period end .

22. Related party transactions

The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. There are no other transactions which require disclosure.

23. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Fraikin SAS and its ultimate parent undertaking and controlling party is Financiere Truck (investissement) SAS, a company incorporated in France. The largest and smallest group for which group financial statements are prepared is Financiere Truck (investissement) SAS. Copies of the group financial statements can be obtained from Fraikin, West Plaza, 9 Rue du Debarcadere, CS 80037, 92700 Colombes, Cedex, France.

24. Post balance sheet events

There are no post balance sheet events to report.