

Registered number: 03215962

KELLY FLEET SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 DECEMBER 2019

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KELLY FLEET SERVICES LIMITED

COMPANY INFORMATION

Directors	T J Kelly L McGrane T P Kelly (appointed 30 January 2020)
Company secretary	J P Bradley
Registered number	03215962
Registered office	Kelly House Fourth Way Wembley Middlesex HA9 0LH
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors 6th Floor 2 London Wall Place London EC2Y 5AU
Bankers	National Westminster Bank PLC 315 Station Road Harrow Middlesex HA1 2AD

KELLY FLEET SERVICES LIMITED

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KELLY FLEET SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 29 DECEMBER 2019

Introduction

The directors present the strategic report and financial statements for the year ended 31 December 2018.

Business review

The company has reported turnover of £26.4m (2018: £27m) and a post tax profit of £329,474 for the year to 29 December 2019 (2018: £455,030). The company has total shareholders' funds of £1,682,988 as at the reporting date (2018: £2,353,514).

- In the year, turnover at £26.4m was £0.6m lower than the previous period. The turnover has decreased on a pro-rata basis which is in line with the growth of the Kelly Group.
- The strategy of business going forward is to continue to improve our services to the Kelly Group and provide strong support to enable growth and also explore other opportunities outside the group.

Future developments

Our primary target has been to support the group on its vehicle and plant requirements and we will continue to provide an excellent service to the group. We intend to replace some of our oldest fleet next year. In parallel, we continue to develop our external hire business.

Principal risks and uncertainties

We see limited risk with our core business with perhaps the exception of the high level of business the company enjoys with the group. We seek to limit this risk by seeking external hire opportunities in other areas.

Impact of COVID-19 on the business

In 2020, the COVID-19 pandemic brought fast-moving and unexpected variables to deal with, many of which were successfully managed with developed incident management plans specific to the crisis, but we also deployed a technological roll-out of remote working for many of our office based workers.

Five workforce areas emerged as priorities for the business:

Protecting People, Effective Communication, Maintaining the Continuity of Work, Assessing all Costs and Preparing for Recovery.

Most of our contracts' trading with us did slow up, some closed for a duration and any new work streams/sites had a delayed start date. In turn this generated lower sales revenue, resulting in an impact to our cash flow and our business margins. However, we are now seeing most of the business return to pre pandemic levels and are pleased to report that the business managed this disruption successfully.

KELLY FLEET SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 29 DECEMBER 2019

Financial key performance indicators

The directors of Kelly Communications Group Ltd, the ultimate parent company, manage the group's operations on a divisional basis.

The board uses Key Performance Indicators ('KPI's) to monitor the company's performance and regularly reviews the key risks to the business. In addition to regular board reporting and timely management accounts, the company monitors a range of activities including health and safety, risk management, statutory compliance, profitability, customer satisfaction, and other financial and non-financial measures.

- Risk management is a key KPI and is reviewed and monitored on a daily basis to minimise costs to the business.

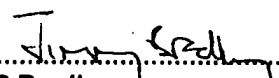
Results and dividends

The profit for the year, after taxation, amounted to £329,474 (2018: £455,030). The directors paid a dividend during the year of £1,000,000 (2018: £nil).

Research and development

The company continues to look for opportunities to purchase up to date plant and to maximise the efficiency of the use of its fleet by the continuing use and development of its transport management system.

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


.....
J P Bradley
Secretary

Date: 30 June 2020

KELLY FLEET SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 29 DECEMBER 2019

The directors present their report and the financial statements for the year ended 29 December 2019.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Principal activity

The principal activity of the company continues to be the operating of an independent plant hire and maintenance company, predominantly providing its services to Kelly Communications Group Limited and its subsidiaries.

Directors' indemnity insurance

Directors' liability and indemnity insurance was in force throughout the period to cover the directors and officers of the company against actions brought against them in their personal capacity. Neither the insurance nor the indemnity provide cover where the individual has acted fraudulently or dishonestly.

Results and dividends

The profit for the year, after taxation, amounted to £329,474 (2018 - £455,030).

There were no dividends paid in the current year or prior year.

Directors

The directors who served during the year were:

T J Kelly
L McGrane

KELLY FLEET SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 29 DECEMBER 2019**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

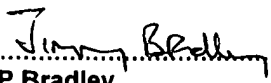
Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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


.....
J P Bradley
Secretary

Date: 30 June 2020

KELLY FLEET SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF KELLY FLEET SERVICES LIMITED

Opinion

We have audited the financial statements of Kelly Fleet Services Limited (the 'company') for the year ended 29 December 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 December 2019 and of its profit 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the 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.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

KELLY FLEET SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF KELLY FLEET SERVICES LIMITED (CONTINUED)

inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other 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 the 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 the 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 Directors' Responsibilities Statement on page 3, 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.

KELLY FLEET SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF KELLY FLEET SERVICES LIMITED (CONTINUED)

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' 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.



Brendan Sharkey FCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants & Statutory Auditors

6th Floor
2 London Wall Place
London
EC2Y 5AU

Date: 13 July 2020

KELLY FLEET SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 29 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	26,416,758	27,055,727
Cost of sales		(22,336,578)	(23,502,786)
Gross profit		4,080,180	3,552,941
Administrative expenses		(3,561,738)	(2,926,856)
Operating profit	5	518,442	626,085
Interest payable and expenses	8	(82,301)	(58,413)
Profit before tax		436,141	567,672
Tax on profit	9	(106,667)	(112,642)
Profit for the financial year		329,474	455,030

There was no other comprehensive income for 2019 (2018: £nil).

The notes on pages 11 to 25 form part of these financial statements.

KELLY FLEET SERVICES LIMITED
REGISTERED NUMBER: 03215962

BALANCE SHEET
AS AT 29 DECEMBER 2019

	Note	29 December 2019 £	30 December 2018 £
Fixed assets			
Tangible assets	11	12,762,666	10,708,565
		<u>12,762,666</u>	<u>10,708,565</u>
Current assets			
Stocks	12	513,181	474,861
Debtors	13	20,588,437	1,090,409
Cash at bank and in hand	14	-	276,920
		<u>21,101,618</u>	<u>1,842,190</u>
Creditors: amounts falling due within one year	15	(30,808,967)	(9,040,603)
Net current liabilities		<u>(9,707,349)</u>	<u>(7,198,413)</u>
Total assets less current liabilities		<u>3,055,317</u>	<u>3,510,152</u>
Creditors: amounts falling due after more than one year	16	(1,372,329)	(1,156,638)
Net assets		<u><u>1,682,988</u></u>	<u><u>2,353,514</u></u>
Capital and reserves			
Called up share capital	19	10,000	10,000
Profit and loss account	20	1,672,988	2,343,514
		<u><u>1,682,988</u></u>	<u><u>2,353,514</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
T J Kelly
Director

Date: 30 June 2020

The notes on pages 11 to 25 form part of these financial statements.

KELLY FLEET SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 31 December 2018	10,000	2,343,514	2,353,514
Comprehensive income for the year			
Profit for the year	-	329,474	329,474
Dividends: Equity capital	-	(1,000,000)	(1,000,000)
At 29 December 2019	10,000	1,672,988	1,682,988

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	10,000	1,888,484	1,898,484
Comprehensive income for the period			
Profit for the year	-	455,030	455,030
At 30 December 2018	10,000	2,343,514	2,353,514

The notes on pages 11 to 25 form part of these financial statements.

KELLY FLEET SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2019

1. General information

Kelly Fleet Services Limited is a private company, limited by shares, incorporated in England and Wales. The company registration number is 03215962 and the registered office is Kelly House, Fourth Way, Wembley, Middlesex, HA9 0LH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in pounds sterling, the functional currency, rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of the parent company Kelly Communications Group Limited as at 29 December 2019 and these financial statements may be obtained from the registered office of the holding company.

KELLY FLEET SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2019

2. Accounting policies (continued)

2.3 Going concern

At 29 December 2019, the company's net current liabilities exceeded its current assets by £9,707,349 (2018: £7,198,413).

The financial statements have been prepared on a going concern basis. The period considered in detail by the directors is up to 12 months following the date of the authorisation of the financial statements. The directors consider that the basis is appropriate for the following reason:-

The parent company, Kelly Communications Group Limited, has confirmed its willingness and ability to provide support to the company for a period of at least 12 months from the date of approval of the financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

2. Accounting policies (continued)**2.7 Leasing and hire purchase**

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

2.8 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.9 Pensions**Defined contribution pension plan**

The company operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

KELLY FLEET SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2019

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant and machinery	-	25% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

KELLY FLEET SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2019

2. Accounting policies (continued)

2.12 Tracking equipment

Tracking equipment hardware with licence agreements which expire within the following 12 months are included as short term assets in other debtors. Any hardware costs whose licence has more than 12 months to run at the balance sheet date are included in debtors falling due after more than one year.

Tracking equipment licences, are written off to cost of sales in the year where all the benefits of the licences have expired within the year.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Debtors

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

2.15 Cash and cash equivalents

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

2.16 Creditors

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

2.17 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

2. Accounting policies (continued)**2.17 Financial instruments (continued)**

not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described above, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Fixed Assets

Judgments have been made in relation to the lives of tangible assets in particular the useful economic life and the residual values of the motor vehicles. The directors have concluded that the asset lives and residual values are appropriate.

Valuation of Stock

Stock is included at the lower of cost and net realisable value. The directors have reviewed the stock obsolescence policy and are satisfied that stock is fairly valued at the year end.

4. Turnover

	2019 £	2018 £
United Kingdom	26,416,758	27,055,727
	<u>26,416,758</u>	<u>27,055,727</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	3,239,945	2,333,898
(Profit)/loss on sale of tangible assets	24,001	77,918
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	7,000	7,000
Defined contribution pension cost	42,470	25,199
	<u>42,470</u>	<u>25,199</u>

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

6. Auditors' remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>7,000</u>	<u>7,000</u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

7. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	2,179,786	1,972,700
Social security costs	226,481	204,537
Cost of defined contribution scheme	42,470	25,199
	<u>2,448,737</u>	<u>2,202,436</u>

During the year, the directors received remuneration of £nil (2018: £nil) and were accruing no benefits under the defined contribution pension plan.

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Administrative staff	37	34
Direct staff	36	32
	<u>73</u>	<u>66</u>

8. Interest payable and similar expenses

	2019 £	2018 £
Finance leases and hire purchase contracts	82,301	58,413
	<u>82,301</u>	<u>58,413</u>

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

9. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	-	96,777
	-	96,777
Total current tax	-	96,777
Deferred tax		
Origination and reversal of timing differences	106,667	15,865
Total deferred tax	106,667	15,865
Taxation on profit on ordinary activities	106,667	112,642

Factors affecting tax charge for the year

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

	2019 £	2018 £
Profit on ordinary activities before tax	436,141	567,672
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	82,867	107,858
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	15,241	6,867
Capital allowances for year/period in excess of depreciation	(8,732)	(2,083)
Non-taxable income	(4,561)	-
Group relief	21,852	-
Total tax charge for the year	106,667	112,642

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

10. Dividends

	29 December 2019 £	30 December 2018 £
Dividends paid	1,000,000	-
	<u>1,000,000</u>	<u>-</u>

11. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 31 December 2018	1,766,031	19,663,892	100,352	21,530,275
Additions	1,214,732	5,029,897	-	6,244,629
Disposals	-	(5,285,869)	(31,351)	(5,317,220)
At 29 December 2019	<u>2,980,763</u>	<u>19,407,920</u>	<u>69,001</u>	<u>22,457,684</u>
Depreciation				
At 31 December 2018	395,223	10,359,905	66,582	10,821,710
Charge for the year	565,001	2,569,467	7,499	3,141,967
Disposals	-	(4,239,055)	(29,604)	(4,268,659)
At 29 December 2019	<u>960,224</u>	<u>8,690,317</u>	<u>44,477</u>	<u>9,695,018</u>
Net book value				
At 29 December 2019	<u>2,020,539</u>	<u>10,717,603</u>	<u>24,524</u>	<u>12,762,666</u>
At 30 December 2018	<u>1,370,808</u>	<u>9,303,987</u>	<u>33,770</u>	<u>10,708,565</u>

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

12. Stocks

	29 December 2019 £	30 December 2018 £
Stocks	513,181	474,861
	513,181	474,861

Stock recognised in cost of sales during the year as an expense was £1,348,006 (2018: £1,855,655).

13. Debtors

	29 December 2019 £	30 December 2018 £
Due after more than one year		
Other debtors	74,235	-
Deferred tax asset	1,486	108,153
	75,721	108,153
Due within one year		
Trade debtors	1,213,420	542,519
Amounts owed by group undertakings	18,590,730	-
Other debtors	94,513	10,692
Prepayments and accrued income	346,262	241,825
Tax recoverable	267,791	187,220
	20,588,437	1,090,409

Included in other debtors due within one year of £94,513 is £89,082 (2018: £nil) relating to tracking equipment held as short term assets.

Included in other debtors due after more than one year of £74,235 is £74,235 (2018: £nil) relating to tracking equipment held as short term assets.

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

14. Cash and cash equivalents

	29 December 2019 £	30 December 2018 £
Cash at bank and in hand	-	276,920
Less: bank overdrafts	(228,126)	-
	<u>(228,126)</u>	<u>276,920</u>

15. Creditors: Amounts falling due within one year

	29 December 2019 £	30 December 2018 £
Bank overdrafts	228,126	-
Trade creditors	1,662,710	1,731,380
Amounts owed to group undertakings	23,445,775	2,768,484
Other taxation and social security	395,403	223,857
Obligations under finance lease and hire purchase contracts	3,714,050	2,695,067
Other creditors	39,775	122,413
Accruals and deferred income	1,323,128	1,499,402
	<u>30,808,967</u>	<u>9,040,603</u>

The bank overdrafts are secured by a fixed and floating charge over the company's assets.

The company is party to a group composite arrangement with certain companies within Kelly Communications Group Limited under which overdrafts can be offset by cross guarantees.

A debenture is held by Kelly Communications Group Limited securing all monies due or becoming due to it. The total at 29 December 2019 amounts to £23,445,775 (2018: £2,768,484)

Net obligations under hire purchase contracts of £3,714,050 (2018: £2,695,067) are secured on the assets to which they relate.

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

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

	29 December 2019 £	30 December 2018 £
Net obligations under finance leases and hire purchase contracts	1,372,329	1,156,638
	1,372,329	1,156,638

Net obligations under hire purchase contracts of £1,372,329 (2018: £1,156,638) are secured on the assets to which they relate.

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	29 December 2019 £	30 December 2018 £
Within one year	3,714,050	2,695,067
Between 1-5 years	1,372,329	1,156,638
	5,086,379	3,851,705

KELLY FLEET SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

18. Deferred taxation

	2019 £	2018 £
At beginning of year	108,153	124,018
Charged to profit or loss	(106,667)	(15,865)
At end of year	1,486	108,153

The deferred tax asset is made up as follows:

	29 December 2019 £	30 December 2018 £
Depreciation in excess of capital allowances	669	107,678
Short term timing differences	817	475
	1,486	108,153

19. Share capital

	29 December 2019 £	30 December 2018 £
Allotted, called up and fully paid		
10,000 (2018 - 10,000) Ordinary shares of £1 each	10,000	10,000

20. Reserves**Profit and loss account**

The profit and loss account is represented by retained earnings. Changes in reserves are set out in the Statement of Changes in Equity.

21. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £42,470 (2018: £25,199). Contributions totalling £9,482 (2018: £5,625) were payable to the fund at the balance sheet date and are included in creditors.

KELLY FLEET SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2019

22. Commitments under operating leases

At 29 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	29 December 2019 £	30 December 2018 £
Not later than 1 year	23,095	7,111
Later than 1 year and not later than 5 years	476,035	-
	<u>499,130</u>	<u>7,111</u>

The total amount of commitments under operating leases recognised as an expense during the year was £11,548 (2018: £14,500).

23. Related party transactions

The company has taken advantage of the exemption available in Financial Reporting Standard 102 Section 33 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group. The consolidated financial statements of the ultimate parent company, Kelly Communications Group Limited are available from Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

During the year, the company raised invoices totalling £1,070,901 (2018: £1,676,445) in respect of fleet hire and maintenance charges to Kelly Rail U.K. Limited, a company under the common control of the shareholders of Kelly Communications Group Limited. Included within trade debtors is an amount of £709,661 (2018: £355,871) owed by Kelly Rail U.K. Limited to the company and included within trade creditors is an amount of £242 (2018: £4,928) due to Kelly Rail U.K. Limited by the company. Included within other creditors is an amount of £nil (2018: £99,998) due to Kelly Rail U.K. Limited. At the year end the net debtor amount of £709,419 (2018: £250,945) is owed to the company by Kelly Rail U.K. Limited.

During the year, the company paid £102,750 (2018: £88,656) of consultancy fees to Bestcall Solutions Limited. Mr L McGrane's spouse is a director of Bestcall Solutions Limited. At the year end there is no balance (2018: £nil) owed to Bestcall Solutions Limited.

24. Ultimate parent company

The ultimate parent undertaking during the year was Kelly Communications Group Limited, a company registered in England and Wales. The company's financial statements are consolidated into the financial statements of Kelly Communications Group Limited.

25. Ultimate controlling party

The company was under the control of T J Kelly throughout the year and the previous year by virtue of a controlling interest in the ultimate parent company.