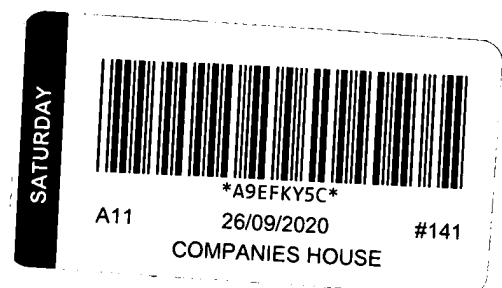


Clugston Distribution Services Limited
Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 January 2019



Clugston Distribution Services Limited

Contents of the Financial Statements for the Year Ended 31 January 2019

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Clugston Distribution Services Limited

Company Information for the Year Ended 31 January 2019

DIRECTORS who served during the year:

D W A Clugston
T M Doggett
I Pattison
R J Vickers

Resigned 24th January 2020
Resigned 24th January 2020
Resigned 24th January 2020
Resigned 28th June 2019

DIRECTORS who were appointed after the reporting date

A W G Clugston
D A Ohandjanian

Appointed 24th January 2020
Appointed 24th January 2020

SECRETARY who served during the year:

I Pattison

Resigned 24th January 2020

REGISTERED OFFICE:

C/O Gssl,
Mill Lane Industrial Estate,
The Mill Lane,
Glenfield,
Leicester,
England,
LE3 8DX

REGISTERED NUMBER:

05517733 (England and Wales)

AUDITORS: BDO LLP

Central Square
29 Wellington Street
Leeds
LS1 4DL

Clugston Distribution Services Limited

Strategic Report for the Year Ended 31 January 2019

REVIEW OF BUSINESS

Turnover increased by £0.4m to £17.4m, EBITDA (Earnings Before Interest Depreciation and Amortisation) a non-UK GAAP measure was £0.9m in the current year, which was consistent with £0.9m in the prior year. As a percentage of turnover, this is a small decline from the prior year.

A commercial review is currently ongoing to revisit our customers and supply chain to seek betterment in our trading terms and conditions, and to up-sell our services broadening our offering. Whilst this process is underway, we are also reviewing our operating costs, challenging spend and looking for efficiencies.

Our strategic approach to this business is to find added value services that augment our traditional approach and add additional value for our customers whilst providing a platform where we can achieve better financial returns and new work opportunities.

The business is now an established operator in the market and through its commitment and high levels of service should continue to go from strength to strength.

The bulk food fleet continues to exceed expectations with continued growth due to selling additional services to existing customers as well as widening the customer base. The business considers this to be a key market and continues to invest heavily in the fleet and its people.

The commercial vehicle maintenance business has continued to grow on the back of external customer demand and from within our own fleet. The business has also maintained its high level of investment in the apprenticeship scheme through an alliance with a major global truck manufacturer and this continues to produce high-levels of skilled, factory-trained vehicle technicians and fitters. The high-level accredited dealership status with this global truck retailer continues to be successful and this, along with a wide range of other commercial vehicle services, puts the business in a strong position.

The flat trailer fleet remains profitable using a flexible operating model which allows it to redeploy resources in line with the fluctuations in demand and this will in turn lead to increased profitability both within his sector and the wider business.

PRINCIPAL RISKS AND UNCERTAINTIES

As with any business, we face risks and uncertainties every day. The careful management of risk is, therefore, important to the achievement of our strategic objectives and to sustainable growth. The company operates a system of internal controls and risk management to address the principal risks and uncertainties.

The Board measures progress through the review of Key Performance Indicators and other relevant management information which are closely aligned to the strategic objectives of the business.

The principal risks are reviewed by the Board on an ongoing basis. Updates in terms of emerging risks or significant actions undertaken are addressed as and when required at Board meetings. The principal risks are determined through an evaluation of likelihood of occurrence and potential impact.

Management also review specific strategic, operational, financial, health & safety and compliance risks in monthly business review meetings. This approach is also embedded at the operational level within each of our business units.

Since March 2020, the impact of the Coronavirus Pandemic has adversely impacted our business in all sectors save for Food distribution, indeed the opposite has been seen in this area of our business with increased demand for the products we distribute. To adequately deal with the impacts of COVID-19, the Board has taken decisive steps to reduce the cost base of the company and preserve cash and liquidity. The steps include furloughing of employees where necessary, agreeing repayment holidays on certain financing outflows and agreement with deferrals on HMRC on PAYE and VAT liabilities. The Board has been successful in obtaining these agreements with various stakeholders.

The Board is confident that the steps that have been taken have adequately addressed the short term profitability and liquidity issues presented by the virus and that as long as this postponement of revenues is short term, the Board anticipates that the Company will return to a high percentage level of its former revenues in the medium term. However, the directors also recognise that a material uncertainty exists due to the ongoing requirement to meet its banking covenants in light of the uncertain economic environment. Further detail is set out in note 2 to these financial statements.

Approved by the Board of Directors

A handwritten signature in black ink, appearing to be 'A W G Clugston', written in a cursive style.

A W G Clugston – Director

Date: 25 September 2020

Clugston Distribution Services Limited

Report of the Directors for the Year Ended 31 January 2019

The directors present their report with the financial statements of the company for the year ended 31 January 2019.

DIVIDENDS

No dividends will be distributed for the year ended 31 January 2019 (2018 no dividends distributed).

DIRECTORS

The directors during the year were those listed on page 1.

The company has professional indemnity insurance covering the directors and officers.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



A W G Clugston – Director

Date: 25 September 2020

Independent Auditors' Report to the Members of Clugston Distribution Services Limited

Opinion

We have audited the financial statements of Clugston Distribution Services Limited (the 'company') for the year ended 31 January 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, 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 31 January 2019 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 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 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.

Material Uncertainty in Respect of and Related to Going Concern

We draw attention to note 2 to the financial statements, in which the directors acknowledge that, although the recovery of the revenue levels is expected, the possible impact of Covid-19 on future trading (through a reduction in sales and cash flows caused by reduced demand) might give rise to the need for additional funding (caused by the non-renewal of bank facilities). The ability of the directors to obtain such additional funding as may be required, is not guaranteed. As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt over the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report, Report of the Directors and Financial Statements other than the financial statements and our auditor's 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 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Independent Auditors' Report to the Members of Clugston Distribution Services Limited

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 Report of the Directors.

We have nothing to report in respect of the following matters where 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, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

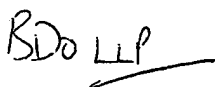
Auditors' Responsibilities For The Audit Of The Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is located on the 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.



Paul Davies (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
Leeds

Date: 25 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Clugston Distribution Services Limited**Statement of Comprehensive Income
for the Year Ended 31 January 2019**

	Notes	2019 £	2018 £
TURNOVER		17,420,324	17,003,344
Cost of sales		<u>(15,824,875)</u>	<u>(15,122,928)</u>
GROSS PROFIT		1,595,449	1,880,416
Administrative expenses		<u>(1,750,311)</u>	<u>(2,084,032)</u>
OPERATING LOSS	4	(154,862)	(203,616)
Interest payable and similar expenses	5	<u>(136,993)</u>	<u>(136,340)</u>
LOSS BEFORE TAXATION		(291,855)	(339,956)
Tax on loss	6	<u>(270,657)</u>	<u>97,649</u>
LOSS FOR THE FINANCIAL YEAR		<u>(562,512)</u>	<u>(242,307)</u>

Clugston Distribution Services Limited (Registered number: 05517733)

**Balance Sheet
31 January 2019**

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	7	3,005,524	3,832,851
CURRENT ASSETS			
Stocks	8	233,759	188,259
Debtors	9	3,983,365	3,988,709
Cash in hand		<u>850</u>	<u>594</u>
		4,217,974	4,177,562
CREDITORS			
Amounts falling due within one year	10	<u>(6,290,134)</u>	<u>(6,118,974)</u>
NET CURRENT LIABILITIES		<u>(2,072,160)</u>	<u>(1,941,412)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		933,364	1,891,439
CREDITORS			
Amounts falling due after more than one year	11	<u>(741,994)</u>	<u>(1,137,557)</u>
NET ASSETS		<u>191,370</u>	<u>753,882</u>
CAPITAL AND RESERVES			
Called up share capital	15	2,000,000	2,000,000
Retained earnings		<u>(1,808,630)</u>	<u>(1,246,118)</u>
SHAREHOLDERS' FUNDS		<u>191,370</u>	<u>753,882</u>

The financial statements were approved and authorised for issue by the Board of Directors on 25 September 2020 and were signed on its behalf by:



A W G Clugston – Director

Clugston Distribution Services Limited**Statement of Changes in Equity
for the Year Ended 31 January 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 February 2017	2,000,000	(1,003,811)	996,189
Changes in equity			
Total comprehensive loss	<u>-</u>	<u>(242,307)</u>	<u>(242,307)</u>
Balance at 31 January 2018	<u>2,000,000</u>	<u>(1,246,118)</u>	<u>753,882</u>
Changes in equity			
Total comprehensive loss	<u>-</u>	<u>(562,512)</u>	<u>(562,512)</u>
Balance at 31 January 2019	<u><u>2,000,000</u></u>	<u><u>(1,808,630)</u></u>	<u><u>191,370</u></u>

Clugston Distribution Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2019

1. STATUTORY INFORMATION

Clugston Distribution Services Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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 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 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Key Accounting Judgements

The preparation of financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates and the exercise of judgement by management in applying the company's accounting policies. In preparing these financial statements the directors have made the following judgements:

- In determining whether there are indicators of impairment of the company's tangible assets, the factors taken into consideration include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Tangible fixed assets (note 7) are depreciated over their useful lives taking into account residual values, where appropriate. The expected lives of the assets and residual values are assessed annually and may depend on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value reassessments consider future market conditions, the remaining life of the assets and projected disposal values.
- In preparing these Financial Statements, the Directors have made a judgement around the ability of the company to continue as a going concern in light of the ongoing Covid-19 pandemic. Details of these considerations is within note 2 below.

Turnover and Revenue Recognition

Turnover comprises the total value of work carried out and goods and services provided in the UK after deducting VAT. Revenue is recognised when the service has been completed.

Tangible Fixed Assets

The cost, less estimated residual value, of tangible fixed assets is written off on a straight-line basis over their expected useful lives of 3 to 15 years.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

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

2. ACCOUNTING POLICIES - continued

Financial Instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to/from related parties.

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 income statement.

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, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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. Deferred tax is also determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and is not discounted.

Leased Assets

Rentals in respect of operating leases are charged to the income statement as incurred. Assets held under finance leases, where substantially all the risks and rewards of ownership have passed to the Company, and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The capital elements of future obligations are included as liabilities in the balance sheet and the interest elements of the rentals are charged in the income statement over the period of the contracts.

Pensions

The company and other subsidiaries of Clugston Group Limited participate in a multi-employer defined benefit pension scheme. This scheme is operated on a basis which does not enable individual companies to identify their share of the underlying assets and liabilities so, in accordance with FRS 102, the company accounts for its contributions to the plan as if it were a defined contribution scheme. Contributions to defined contribution pension schemes are charged to the income statement as they become payable.

Going Concern

Since March 2020 for the duration of the lockdown, the impact of the Corona virus Pandemic has temporarily adversely impacted our business in all sectors save for Food distribution. Indeed, the opposite has been seen in this area of our business with increased demand for the products we distribute. To adequately deal with the impacts of COVID-19, the Directors have taken decisive steps to reduce the cost base of the company and preserve cash and liquidity. The steps include furloughing of employees where necessary, agreeing repayment holidays on certain financing outflows and agreement with HMRC for payment deferrals on PAYE and VAT liabilities.

At the outset of lockdown, we paused supplier payments, only paying infrastructure costs, such as IT, security and insurance. Creditor payments were resumed as business restarted in May 2020 and all outstanding overdue trade creditors have now been paid up to date. All our HP repayment holidays have been reinstated, and we will return to full repayments on all HP agreements by the end of September 2020. We have also furloughed the workforce since March, with a phased return to work since May, and have successfully received monies from HMRC under the CJRS grant support.

Since the start of the lockdown, where possible, employees are remote working and where employees are required to work at site and on the road, we are following government procedures and guidance for safe working and social distancing.

Our level of trade since the start of the lockdown was severely hit during April. We anticipated a phased recovery of turnover during May and June returning to our forecast 100% sales by the end of July, all of which has been achieved.

We are in the process of applying for Government backed business support loans from our bank. We will also take advantage of the CJRS bonus scheme in February 2021.

The Directors are confident that the steps that have been taken have adequately addressed the short-term profitability and liquidity issues presented by the virus. We are confident that as long as this postponement of revenues is short term, along with management's other steps to mitigate these uncertainties, the Directors anticipate that the Company will return to a high percentage level of its former revenues in the medium term.

However, the future cashflow forecasts are dependent on banking facilities, which are subject to ongoing financial covenants. Furthermore, this facility is up for renewal on 24th June 2021, being within 12 months from the date of these financial statements. Negotiations to renew this facility are of course not yet ongoing but the Company has full support of the bank at the date of these financial statements. The company has prepared cashflow forecasts based on expected revenue levels and performed sensitivity analysis on reduced levels of sales.

The Directors acknowledge that, although the recovery of the revenue levels is expected, the possible impact of Covid19 on future trading (through a reduction in sales and cash flows caused by reduced demand) might give rise to the need for additional funding (caused by the non-renewal of bank facilities). The ability of the directors to obtain such additional funding as may be required, is not guaranteed. These factors indicate that a material uncertainty exists which may cast significant doubt on the company's ability to continue as a going concern

Notwithstanding this, we are confident that as long as this postponement of revenues is short term and local, along with management's other steps to mitigate these uncertainties, the Board anticipates that the Company will return to a high percentage level of its former revenues in the medium term. As such, the Directors believe it is appropriate to prepare the financial statements on a going concern basis and taking into account the expected cashflows as well as the ongoing and future mitigating factors we, as Directors, believe the Company remains a going concern and the financial statements have been drawn up on that basis.

Clugston Distribution Services Limited

Notes to the Financial Statements - continued for the Year Ended 31 January 2019

3. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	5,716,163	5,735,233
Social security costs	583,982	597,118
Other pension costs	141,742	102,388
	<u>6,441,887</u>	<u>6,434,739</u>

Average monthly number of employees during the year

	Number of employees	
Distribution	160	162
Administration	10	9
	<u>170</u>	<u>171</u>

Most of the company's directors are also directors of the holding company and fellow subsidiaries. The directors who were paid by the company received total remuneration for the year of £98,380 (2018 - £61,635), all other directors were remunerated by other group companies. The directors do not believe it is practical to apportion this amount between their services as directors of this company and other group companies. Four (2018 - 5) of the directors during the year were members of money purchase pension schemes.

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2019	2018
	£	£
Hire of plant and machinery	1,405,924	1,274,452
Operating lease rentals - land and buildings	113,308	410,299
Depreciation - owned assets	676,594	424,487
Depreciation - assets on hire purchase contracts	367,527	705,033
Profit on disposal of fixed assets	(60,873)	(94,997)
Auditors' remuneration	12,000	9,600
Stock recognised as an expense	<u>3,779,918</u>	<u>3,625,286</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank interest	89,228	69,303
Hire purchase interest	<u>47,765</u>	<u>67,037</u>
	<u>136,993</u>	<u>136,340</u>

Clugston Distribution Services Limited

Notes to the Financial Statements - continued for the Year Ended 31 January 2019

6. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	30,783	33,019
Relating to prior years	<u>(3,012)</u>	<u>41,139</u>
Total current tax	<u>27,771</u>	<u>74,158</u>
Deferred tax:		
Timing differences	248,313	(136,920)
Relating to prior years	<u>(5,427)</u>	<u>(34,887)</u>
Total deferred tax	<u>242,886</u>	<u>(171,807)</u>
Tax on loss	<u>270,657</u>	<u>(97,649)</u>

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Loss before tax	<u>(291,855)</u>	<u>(339,956)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19.16%)	<u>(55,452)</u>	<u>(65,136)</u>
Effects of:		
Disallowed expenses and (non-taxable income)	(63,311)	(56,163)
Changes in tax rates	15,742	17,397
Adjustments in respect of previous periods	(8,440)	6,253
Deferred tax asset not recognised	<u>382,118</u>	<u>0</u>
Total tax debit/(credit)	<u>270,657</u>	<u>(97,649)</u>

Within the £382,118 of deferred tax asset not recognised is a sum of £248,313 relating to the write off of the deferred tax asset recognised in the comparative period but which the directors now consider not to be recoverable.

Clugston Distribution Services Limited

Notes to the Financial Statements - continued for the Year Ended 31 January 2019

7. TANGIBLE FIXED ASSETS

	Plant and machinery £
COST	
At 1 February 2018	10,131,354
Additions	216,824
Disposals	<u>(739,974)</u>
At 31 January 2019	<u>9,608,204</u>
DEPRECIATION	
At 1 February 2018	6,298,503
Charge for year	1,044,121
Disposals	<u>(739,944)</u>
At 31 January 2019	<u>6,602,680</u>
NET BOOK VALUE	
At 31 January 2019	<u>3,005,524</u>
At 31 January 2018	<u>3,832,851</u>

The net book amount of plant, equipment and vehicles above includes £2,065,126 (2018 - £2,816,480) in respect of assets held under finance leases and hire purchase contracts.

8. STOCKS

	2019 £	2018 £
Stores and other stock	<u>233,759</u>	<u>188,259</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	3,298,031	3,447,244
Amounts owed by group undertakings	-	50,721
Deferred tax asset	0	242,886
Prepayments	<u>685,334</u>	<u>247,858</u>
	<u>3,983,365</u>	<u>3,988,709</u>

Deferred tax asset comprises:

Decelerated capital allowances	0	239,165
Other timing differences	<u>0</u>	<u>3,721</u>
	<u>0</u>	<u>242,886</u>

Clugston Distribution Services Limited

Notes to the Financial Statements - continued for the Year Ended 31 January 2019

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Bank loans and overdrafts (see note 12)	3,932,518	3,472,936
Hire purchase contracts	540,087	796,851
Trade creditors	1,131,428	935,356
Amounts owed to group undertakings	42,232	82,799
Social security and other taxes	143,165	147,822
Other creditors	260,236	341,502
Accruals	240,468	341,708
	<u>6,290,134</u>	<u>6,118,974</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Hire purchase contracts	<u>741,994</u>	<u>1,137,557</u>

13. LEASING AGREEMENTS

Minimum amounts payable under non-cancellable operating leases:

	2019	2018
	£	£
Not later than one year	784,713	852,677
Later than one year and not later than five years	<u>566,642</u>	<u>1,036,695</u>
	<u>1,351,355</u>	<u>1,889,372</u>

14. DEFERRED TAX ASSET

	£
Balance at 1 February 2018	242,886
Relating to previous years	5,427
DTA write off	<u>(248,313)</u>
Balance at 31 January 2019	<u>0</u>

Clugston Distribution Services Limited

Notes to the Financial Statements - continued for the Year Ended 31 January 2019

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2019	2018
Number:	Class:		£	£
2,000,000	Ordinary	£1	<u>2,000,000</u>	<u>2,000,000</u>

16. PENSION COMMITMENTS

The group operates several pension schemes for eligible employees. The principal scheme was a contributory defined benefit pension scheme for employees and the assets are invested in managed funds. This scheme closed to further accruals on 31 December 2011 and employees were entitled to transfer to a stakeholder scheme. The pension benefits for the company's employees are provided within group schemes, for which the company has no obligations and is party to no guarantees. Instead, the group funds its own contributions through making intercompany management recharges to the company and other subsidiaries. Payment of these intercompany recharges by the company have been treated as being made to a defined contribution pension scheme. The pension charge for the year amounted to £141,742 (2018: £102,388). Contributions amounting to £nil (2018: £nil) were payable at the year end.

17. ULTIMATE PARENT COMPANY

The parent company is AJWG Limited, which is a company incorporated in England and Wales, which is also the controlling party through share ownership.

18. CAPITAL COMMITMENTS

	2019	2018
	£	£
Contracted but not provided for in the financial statements	<u>-</u>	<u>189,000</u>

19. Post Balance Sheet Events

On the 9th December 2019, the Clugston Group Limited, the parent company of Clugston Distribution Services Limited went into administration. On the 24th January 2020, the shares of Clugston Distribution Services Limited were purchased by AJWG Limited.

The impact of Covid-19 is considered to be a non-adjusting post balance sheet event, on the basis that the conditions did not exist at the year end. The Company has made an assessment of the impact of Covid-19 on the carrying value of all assets and liabilities held on the balance sheet at the year end. Based on this assessment, there is no material impact on the balance sheet as at 31 January 2019.