

## **Gnewt Cargo Limited**

### **Annual Report and Accounts**

**for the 52 weeks ended 26 December 2020**



Company number: 06467967

**Gnewt Cargo Limited**

Company number: 06467967

**Corporate information**

Directors	GJ Michael PRP McCourt
Registered office	Unit E Twelvetrees Business Park Twelvetrees Crescent London E3 3JG, UK
Independent Auditors	Deloitte LLP 110 Queen St Glasgow G1 3BX, UK

**Gnewt Cargo Limited**

Company number: 06467967

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**Gnewt Cargo Limited**

Company number: 06467967

**Strategic Report**

The Directors present their Strategic Report for the 52 weeks ending 26 December 2020.

**Business review and future developments**

The principal activity of the Company is the distribution of parcels.

The Company's revenue during the period was £856k (2019: £2,991k), a decrease of £2,135k. Loss before taxation for the period amounted to £878k (2019 (profit): £12k), a decrease of £890k due to most key contracts now having ended and the business being descaled.

**Principal risks and uncertainties**

The principal risks and uncertainties associated with the Company's operations are set out below:

***Economic and environmental risk***

The Company's performance is influenced by general economic conditions such as Brexit and the Covid-19 outbreak.

The Company has been preparing for the new EU-UK trading relationship over the last 12 months, responding to legislation and guidance as it became available. Since the new Trade and Cooperation Agreement ('TCA') came into force on 1 January 2021, the Company has experienced minimal impact from the new legislative framework, demonstrating the significant work and planning enacted across all of our teams. This included:

- The creation of a Steering Group consisting of senior leaders from across the business including operations, logistics, commercial, legal and finance. Our established Brexit project group fully assessed each area, creating a risk register to re-evaluate our priorities, and putting mitigation plans in place where required.
- Regularly monitor and re-evaluate our plans as circumstances changed and new information was provided. This ensured the Company identified and implemented appropriate changes to all its systems, processes and controls, testing their effectiveness and engaging with our customers and suppliers where any contractual changes were needed. New compliance rules and documentation requirements were also reviewed and amended, where necessary.

Following the end of the transition period, the Company experienced only minor delays limited to a two week period. We will continue to monitor and assess the impacts of Brexit in the next financial year confident that our ability to do business with our customers will not be materially and adversely affected.

There is risk to the Company from the potential impact of changes to legislation on plastics, paper, fuel, carbon and recycling. Increasing and promoting gift/copy reuse and working with our strategic partners to ensure we can scale capacity to meet future requirements will be critical to converting this risk to an opportunity as a unique selling proposition, as outlined in more detail in the Sustainability Report within Menzies Distribution Group Limited (formerly Endless Newco 1 Limited) financial statements. In respect of fuel and carbon, the continuing evolution to and development of electric vehicles, carbon neutral transportation, ULEZ zones, the expansion of traffic free city centres and the potential for further congestion charges may require additional changes to our fleet and transport capabilities.

To manage this risk, regular monthly meetings are held with vehicle suppliers as well as industry bodies to monitor all new legislation changes potentially impacting our vehicle fleet. All new vehicle upgrades will meet the requirements of Euro6 standards and all replacements will be considered for Fully Electric Potential. The Company is working with a number of manufacturers to understand what is coming in the future and how this will integrate with our fleet. We have trialled a number of natural gas fuelled vehicles, recognising such technology is in its infancy and is not yet suited to our business. All additions to the Company's fleet requires approval at the Company's monthly, 'Material Contracts Approval' meetings attended by the CEO, CFO, Ops Director and senior management personnel from the Sales team, Finance team and operations team. All vehicles are replaced every 4 years and are subject to daily checks to ensure roadworthiness laws are met in full. LEZ and ULEZ zones are adopted across different areas of the country and the Company attends all clean air roadshows to anticipate change requirements and timescales in order to maintain full compliance.

**Gnewt Cargo Limited**

Company number: 06467967

**Strategic Report (continued)****Principal risks and uncertainties (continued)*****Financial instrument risks***

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations.

***Credit risk***

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed within the central 'order to cash' department and is subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

***Market change risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. To ensure the Company is prepared for any such market change risks:

- A strategy review exercise which involves a full examination of market conditions and trends is held each year prior to budget setting.
- Market research investment is made to ensure the Directors' understanding remains current.
- The Company focuses on cost and productivity efficiency in its core business.

***Risk of fraud & bribery prosecution***

The risk that the Company fails to prevent fraud or bribery or fails to comply with the governing legislation.

All employees annually have to complete Bribery Act and modern slavery compliance training which is regularly refreshed to reflect any changes in law. The Company has an Anti-Bribery and Corruption Policy and Gifts and Hospitality policy. It also has a modern slavery policy and statement on its website. In respect of fraud, no petty cash is held on any site. All balance sheet reconciliations are prepared and submitted each month by a finance manager and reviewed and signed off by the Finance Manager within Corporate Reporting and Treasury. Formal balance sheet reviews take place every month. Self-certifications are required from both preparer and reviewer to confirm that all reconciliations are complete and accurate, without any potential risk of fraud being identified. Banking powers are approved by the CFO only, who has no access to the bank accounts or SAP directly. Each payment processed requires dual signature. Segregation of duties ensure no one finance person has the ability to process and pay a transaction from start to finish.

***Technology risk***

The risk that we do not have adequate back-up procedures for our systems or that those systems are vulnerable to attack. An outage for a period of time could have an impact on our operations. Loss of commercial or personal data could damage the business or our reputation and result in increased financial penalties.

Disaster recovery processes are in place. The Company continually reviews its systems to ensure they are appropriately secured, and have invested in firewalls and other security features. Penetration testing is conducted. Investment is made in appropriate policies, people and technology to reduce the severity and likelihood of information security risks crystallising.

**Gnewt Cargo Limited**

Company number: 06467967

## **Strategic Report (continued)**

### **Principal risks and uncertainties (continued)**

#### ***People risk***

The Company's business relies on people. High staff turnover leads to low experience and skill levels. This could leave our operations without sufficient skilled employees to deliver the Company's business objectives.

There is therefore the risk that insufficient succession plans are in place so that key staff are not identified to fill senior positions from within the business. There is considerable competition for highly trained staff in certain areas of the Company. Our strategy requires the recruitment and retention of highly-skilled managers and employees.

Succession plans are reviewed annually and throughout the year. Risk areas are identified and plans are put in place to address . Annual performance reviews are held with all business leaders and reported on Myles, our online employee training and development system. The Company reviews its salary and reward offer on an annual basis to ensure it offers a competitive pay package to employees. A number of internal programmes have been introduced to train and develop key employees, the leaders of tomorrow.

#### ***Health & Safety***

The risk that the Company is involved (directly or indirectly) in a major operational incident, including extreme weather events, resulting in significant human injuries, fire damage or damage to property. This could have a significant impact on claims against the Company, its reputation and its chances of winning and retaining contracts. In extreme cases, services could be suspended or structural changes imposed on the Company as a result of regulatory or other action. A series of less severe incidents could have similar consequences.

The Company has a proactive culture that puts health and safety at the top of its agenda in order to mitigate the potential for major incidents. In the event that a major incident did occur, the Company has detailed health and safety procedures and processes in place. The Company employs a central health and safety team who visit and inspect all business locations.

The Company undertakes regular training and assessment programmes, monitors business records and completion of risk self-assessments, analyses all 'near miss' reporting and undertakes routine audits and investigations if felt necessary. Health, safety and environmental data and reporting are provided to business management and leadership to manage and achieve target business performance. The Company periodically rehearses its response to a hypothetical major incident. The Company has insurance arrangements in place to reduce the financial effect on the Company of certain claims against it. Where claims do arise, they are managed by the Company's head of insurance, alongside our outsourced insurance providers with claims specialists. Where appropriate, legal advice is obtained from appropriately qualified advisors. The balance between insured and retained risks is re-evaluated at least once a year and insurance and claims activity is monitored closely.

Gnewt Cargo Limited

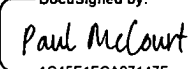
Company number: 06467967

**Strategic Report (Continued)****Key performance indicators**

The Directors believe that while analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the performance or position of the Company, it is important that the business produces an adequate and stable return on its endeavours.

KPI		26 Dec 2020	28 Dec 2019	Change
Turnover	£000	874	2,991	-70.8%
Operating profit margin	%	-100.5%	0.4%	-100.9%

On behalf of the Board

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PRP McCourt  
25 June 2021

**Gnewt Cargo Limited**

Company number: 06467967

**Directors' Report**

The Directors have pleasure in submitting their Directors' Report together with the audited accounts for the 52 weeks ending 26 December 2020.

The Directors who served throughout the period were:

GJ Michael

PRP McCourt

**Going Concern**

The Company's business activities, together with the key factors likely to affect its future development, performance and position, are set out in the Strategic Report. The Company has prepared monthly cash flow forecasts and monthly budgets covering a period of twelve months from the expected date of approval of the financial statements. These forecasts have been tested by performing sensitivity analysis on the critical assumptions.

Even though the Company has made a loss in this financial period, has net current liabilities and net liabilities and the business has been descaled, it still operates within the consolidated Group's pooled cash facility under which Menzies Distribution Limited, the Company's parent company, collects cash and makes payments on the Company's and other subsidiaries behalf in the normal course of business. As such the Directors' of the Company have made enquiries of the Company's parent entity and assessed its ability to continue to operate in this manner. In making this assessment the Directors have considered that the Company's parent entity has immediate access to a £25 million revolving credit facility with Royal Bank of Scotland which can be drawn down, if required.

As a result of the global spread of Covid-19, the UK Government issued a number of guidelines significantly restricting the movement of all people across the country. Since this happened, the primary objective of the Board has been to ensure the safety and wellbeing of all its employees. All applicable government advice has been followed across all the Company's businesses. As key workers, delivering a trustworthy and reliable new source to all consumers on the latest public health guidelines and government advice, the business has been able to keep the activities of the wider group operational throughout the lockdown period, enabling the Company to continue to serve its retail customers.

In response to the current uncertainty of the Covid-19 situation, the Company's parent entity moved quickly to take appropriate actions to further manage costs and preserve balance sheet flexibility during this period. Some of these actions included:

- A Steering Group focused on the Company's response to the crisis was mobilised. The Steering Group consisted of the Senior Leadership Team and senior managers across the business recognising the severity of the risks involved.
- The Company efficiently managed its working capital requirements throughout the financial year.
- The Company undertook a detailed review of its investment plans, ceasing all non-strategic projects, and announced an immediate cessation of all non-essential travel, protecting our employees and limiting the potential for the spread of the coronavirus.
- Unfortunately, as outlined above, some of our business did not escape the impact of the pandemic. This meant that it was necessary to place some of our staff on the Job Retention Scheme so as to avoid making them redundant. During 2020, the Company received £18k from HMRC in respect of this scheme.
- It was necessary to re-evaluate our budgets and forward projections. An impairment analysis of the business was prepared on these prudent set of results.

Sensitivities reflected in the Group's forecasts and projections include:

- Future increases from strategy reviews with publishers are assumed to be nil; and
- Increased distribution normally experienced from major sporting events, that are expected to occur in the next financial year, are assumed to be nil.



**Gnewt Cargo Limited**

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## **Directors' Report (continued)**

### **Going Concern (continued)**

The Directors have therefore considered the going concern status of the Company using a variety of methods. The methodology has been consistent with that used to prepare the financial budgets, which have been reappraised to take into account the Covid-19 outbreak. Considering the availability of sufficient pooled cash flow facilities, the Directors are satisfied that use of the going concern basis in the financial statements of the Company is appropriate.

In any event, the parent company, Menzies Distribution Group Limited (formerly Endless Newco 1 Limited), has provided the Company with an undertaking that for at least a year from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company to allow it to continue in operational existence and to meet its liabilities as they fall due for payment. It has further undertaken that it will act to ensure that repayment is not sought for at least a year from the date of signature of these financial statements to any amounts made available to the Company by fellow Group undertakings. Based on this undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

Accordingly, the Directors continue to adopt the going concern basis in preparing the accounts.

### **Payment policy**

The Company does not operate a standard code in respect of payment to suppliers. Payments to suppliers are made in accordance with the agreed terms, provided that the supplier has performed in accordance with all relevant terms and conditions.

### **Dividends**

The Directors do not recommend the payment of a dividend (2019: £Nil).

### **Political and charitable contributions**

No political and charitable donations were made by the Company during the period.

### **Directors' shareholdings and share interest as at 26 December 2020**

Certain directors held shares in the ultimate parent company at the date of signing the financial statements. Details of the shares are set out within Note 16 of these financial statements.

### **Employees**

The Company's employment policies follow those of the ultimate parent company, Menzies Distribution Group Limited (formerly Endless Newco 1 Limited), and are disclosed in the Annual Report of that company.

### **Independent Auditors**

Deloitte LLP have expressed their willingness to continue in office as auditors, and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

**Gnewt Cargo Limited**

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## **Directors' Report (continued)**

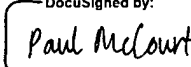
### **Directors' statement as to disclosure of information to the auditors**

The Directors who were members of the Board at the time of approving the Directors' Report are listed within the 'Corporate information' page. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

On behalf of the board

DocuSigned by:  
  
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PRP McCourt  
25 June 2021

**Gnewt Cargo Limited**

Company number: 06467967

## **Directors' Responsibilities Statement**

The Directors are responsible for preparing the Annual 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 FRS 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent Auditor's Report to the members of Gnewt Cargo Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Gnewt Cargo Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 26 December 2020 and of the loss for the period 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.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

#### **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 Financial Reporting Council's (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 at least twelve months from when the financial statements are authorised for issue.

#### **Other information**

The other information comprises the information included in the annual report, 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 respect of these matters.

## **Independent Auditor's Report to the members of Gnewt Cargo Limited (continued)**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's operating licence and environmental regulations.

We discussed among the audit engagement team including relevant internal specialists such as valuations, pensions, and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- deliberate manipulation of revenue to improve the perception of the Company's performance.
- we have addressed this risk through specific testing, on a sample basis, of current year invoices and subsequent sales returns to ensure validity.

## **Independent Auditor's Report to the members of Gnewt Cargo Limited (continued)**

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### **Report on other legal and regulatory requirements**

#### **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 period 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.

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 any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

#### **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.

DocuSigned by:

*David Mitchell*

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David Mitchell (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Glasgow  
28 June 2021

**Gnewt Cargo Limited**

Company number: 06467967

**Income Statement**

for the 52 weeks ended 26 December 2020

	Notes	26 Dec 2020 £000	28 Dec 2019 £000
Revenue	4	874	2,991
Other income	5	200	246
Administrative expenses		(1,952)	(3,225)
<b>Operating (loss)/profit</b>	5	<b>(878)</b>	12
Taxation	7	166	25
<b>(Loss)/profit for the period</b>		<b>(712)</b>	37

The above results were derived from continuing operations.

No separate Statement of Comprehensive Income has been prepared as the only item in total comprehensive income for both periods is the (loss)/profit for the period, which is reported above.

**Gnewt Cargo Limited**

Company number: 06467967

**Balance Sheet**

as at 26 December 2020

	Notes	26 Dec 2020 £000	28 Dec 2019 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible assets	8	-	8
Property, plant and equipment	9	-	158
Deferred tax asset	7	18	-
		18	166
<b>Current assets</b>			
Trade and other receivables	10	249	869
		249	869
<b>Liabilities</b>			
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	11	(1,561)	(1,611)
		(1,561)	(1,611)
Net current liabilities		(1,312)	(742)
Total assets less current liabilities		(1,294)	(576)
<b>Creditors: amounts falling due after more than one year</b>			
Deferred tax liability	7	-	(6)
		-	(6)
<b>Net liabilities</b>		<b>(1,294)</b>	<b>(582)</b>
<b>Capital and reserves</b>			
Called-up share capital	12	-	-
Retained earnings		(1,294)	(582)
<b>Total deficit</b>		<b>(1,294)</b>	<b>(582)</b>

The accounts were approved by the Board of Directors on 25 June 2021 and signed on its behalf by:

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 PRP McCourt  
 Director



**Gnewt Cargo Limited**

Company number: 06467967

**Statement of Changes in Equity**  
for the 52 weeks ended 26 December 2020

	Ordinary shares £000	Retained earnings £000	Total deficit £000
At 28 December 2019	-	(582)	(582)
Loss for the period	-	(712)	(712)
<b>At 26 December 2020</b>	<b>-</b>	<b>(1,294)</b>	<b>(1,294)</b>
At 29 December 2018	-	(619)	(619)
Profit for the period	-	37	37
At 28 December 2019	-	(582)	(582)

Gnewt Cargo Limited

Company number: 06467967

## Notes to the financial statements

### 1 Authorisation of financial statements

These financial statements for the 52 weeks ended 26 December 2020 were approved and authorised for issue in accordance with a resolution of the Directors on 25 June 2021. Gnewt Cargo Limited is incorporated under the Companies Act 2006 and registered in England and Wales.

The results of Gnewt Cargo Limited are included in the consolidated financial statements of Menzies Distribution Group Limited (formerly Endless Newco 1 Limited) which are available from Unit E Twelvvetrees Business Park, Twelvvetrees Crescent, London, E3 3JG.

The principal activity of the Company is the distribution of parcels.

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

### 2 Accounting Policies

A summary of the more significant accounting policies, which have been consistently applied, is set out below.

#### 2.1 Basis of preparation

These financial statements were prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 as it applies to the financial statements of the Company for the period ended 26 December 2020.

The financial statements are prepared and presented in GBP which is the functional currency of the Company and rounded to the nearest £000.

#### Going concern

The Company's business activities, together with the key factors likely to affect its future development, performance and position, are set out in the Strategic Report. The Company has prepared monthly cash flow forecasts and monthly budgets covering a period of twelve months from the expected date of approval of the financial statements. These forecasts have been tested by performing sensitivity analysis on the critical assumptions.

Even though the Company has made a loss in this financial period, has net current liabilities and net liabilities and the business has been descaled, it still operates within the consolidated Group's pooled cash facility under which Menzies Distribution Limited, the Company's parent company, collects cash and makes payments on the Company's and other subsidiaries behalf in the normal course of business. As such the Directors' of the Company have made enquiries of the Company's parent entity and assessed its ability to continue to operate in this manner. In making this assessment the Directors have considered that the Company's parent entity has immediate access to a £25 million revolving credit facility with Royal Bank of Scotland which can be drawn down, if required.

As a result of the global spread of Covid-19, the UK Government issued a number of guidelines significantly restricting the movement of all people across the country. Since this happened, the primary objective of the Board has been to ensure the safety and wellbeing of all its employees. All applicable government advice has been followed across all the Company's businesses. As key workers, delivering a trustworthy and reliable new source to all consumers on the latest public health guidelines and government advice, the business has been able to keep the activities of the wider group operational throughout the lockdown period, enabling the Company to continue to serve its retail customers.

In response to the current uncertainty of the Covid-19 situation, the Company's parent entity moved quickly to take appropriate actions to further manage costs and preserve balance sheet flexibility during this period. Some of these actions included:

- A Steering Group focused on the Company's response to the crisis was mobilised. The Steering Group consisted of the Senior Leadership Team and senior managers across the business recognising the severity of the risks involved.

**Gnewt Cargo Limited**

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**Notes to the financial statements (continued)****2 Accounting Policies (continued)****2.1 Basis of preparation (continued)****Going concern (continued)**

- The Company efficiently managed its working capital requirements throughout the financial year.
- The Company undertook a detailed review of its investment plans, ceasing all non-strategic projects, and announced an immediate cessation of all non-essential travel, protecting our employees and limiting the potential for the spread of the coronavirus.
- Unfortunately, as outlined above, some of our business did not escape the impact of the pandemic. This meant that it was necessary to place some of our staff on the Job Retention Scheme so as to avoid making them redundant. During 2020, the Company received £23k from HMRC in respect of this scheme.
- It was necessary to re-evaluate our budgets and forward projections. An impairment analysis of the business was prepared on these prudent set of results.

Sensitivities reflected in the Group's forecasts and projections include:

- Future increases from strategy reviews with publishers are assumed to be nil; and
- Increased distribution normally experienced from major sporting events, that are expected to occur in the next financial year, are assumed to be nil.

The Directors have therefore considered the going concern status of the Company using a variety of methods. The methodology has been consistent with that used to prepare the financial budgets, which have been reappraised to take into account the Covid-19 outbreak. Considering the availability of sufficient pooled cash flow facilities, the Directors are satisfied that use of the going concern basis in the financial statements of the Company is appropriate.

In any event, the parent company, Menzies Distribution Group Limited (formerly Endless Newco 1 Limited), has provided the Company with an undertaking that for at least a year from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company to allow it to continue in operational existence and to meet its liabilities as they fall due for payment. It has further undertaken that it will act to ensure that repayment is not sought for at least a year from the date of signature of these financial statements to any amounts made available to the Company by fellow Group undertakings. Based on this undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

Accordingly, the Directors continue to adopt the going concern basis in preparing the accounts.

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**Notes to the financial statements (continued)****2 Accounting Policies (continued)****2.2 Summary of significant accounting policies****a) Intangible assets*****Computer software***

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly attributable with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees. Costs are amortised over their estimated useful lives, usually three to seven years.

**b) Property, plant and equipment**

Property, plant and equipment is stated at cost, including acquisition expenses, less accumulated depreciation. Depreciation is provided on a straight-line basis at the following rates:

Plant and machinery - over the estimated life of the asset between 3 and 20 years

Computer equipment - over three years

Motor vehicles - between three and 5 years

**c) Trade and other receivables**

If there is objective evidence that the Company will not be able to collect all of the amounts due under the original terms of an invoice, a provision on the respective trade receivable is recognised. In such an instance, the carrying value of the receivable is reduced, with the amount of the loss recognised in the Income Statement.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets is disclosed in Note 10.

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**Notes to the financial statements (continued)****2 Accounting Policies (continued)****2.2 Summary of significant accounting policies (continued)****d) Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short-term deposits with a maturity of 3 months or less, which are subject to an insignificant risk of changes in value.

**e) Leases**

Rental payments under operating leases are charged to the Income Statement on a straight-line basis over applicable lease periods.

**f) Trade payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the financial year end which are unpaid. Trade and other payables are classified as current liabilities unless payment is not due within 12 months of the financial year end.

**g) Provisions**

Provisions are liabilities of uncertain timing and amount. Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**h) Taxation*****Current income tax***

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country the Company operates and generates taxable income.

***Deferred tax***

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. Deferred tax arising from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised. Deferred tax liabilities represent tax payable in future periods in respect of taxable temporary differences. Deferred tax assets represent tax recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

Deferred tax is determined using the tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Current and deferred tax is recognised in the Income Statement except if it relates to an item recognised directly in equity or in other comprehensive income, in which case it is recognised directly in equity or in the Statement of Comprehensive Income respectively.

**i) Called-up share capital**

Ordinary shares are classed as equity.

**Gnewt Cargo Limited**

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**Notes to the financial statements (continued)****2 Accounting Policies (continued)****2.2 Summary of significant accounting policies (continued)****j) Revenue**

Revenue represents amounts receivable for goods and services, excluding value-added tax and trade discounts.

Customers are charged an agreed rate per parcel, depending on the size and delivery location. Revenue is recognised when our performance obligation to deliver the parcel, is satisfied.

**k) Grants**

Grants are recognised in the Income Statement so as to match them with the expenditure to which they relate. Amounts received relating to capital assets are recognised over the useful economic life of the assets and amounts relating to revenue are recognised on an accruals basis over the period of the grant agreement.

**l) Pensions**

The Company operates a defined contribution pension scheme. The Income Statement charge represents contributions made and the Company has no liability other than for the payment of those contributions.

**3 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements, 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 and in any future periods affected.

The key judgements, estimates and assumptions concerning the future, and other key sources of estimation uncertainty are:

***Judgements***

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

**i) 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. Further details are contained in Note 7.

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**Notes to the financial statements (continued)****3 Significant accounting judgements, estimates and assumptions (continued)*****Estimates and assumptions***

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i) Taxation**

The Company is subject to income tax and assumptions are required in determining the provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises provisions for tax by estimating the taxes that are likely to become due, based on management's interpretation of that country specific tax law and the likelihood of settlement. Management uses the services of a professional firm when assessing tax risks. Where the final outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. See Note 7 Taxation for further details.

**4 Revenue**

Revenue recognised in the Income Statement is derived from parcel distribution services in the UK.

**5 Operating (loss)/profit**

		26 Dec 2020	28 Dec 2019
		£000	£000
Other income includes:			
Grant income		200	246
<hr/>			
		26 Dec 2020	28 Dec 2019
		£000	£000
Net operating costs include:	Notes		
Staff costs	6	761	1,688
Intangible amortisation	8	1	2
Depreciation	9	150	99
Operating leases and hire charges - plant and machinery		339	351
Gain on disposal of fixed assets		(11)	-

There was no non-audit services performed by the auditors during the financial period (2019: Nil).

Fees in respect of the audit of the Company are borne by the parent entity, Menzies Distribution Limited.

Included within grant income is £18k government grant income received for furlough.

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**Notes to the financial statements (continued)****6 Employee costs**

<b>Staff costs</b>	<b>26 Dec 2020</b>	<b>28 Dec 2019</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	689	1,527
Social security costs	60	133
Pension charge	12	28
	<b>761</b>	<b>1,688</b>

The average number of people employed during the year was:	<b>26 Dec 2020</b>	<b>28 Dec 2019</b>
	<b>Number</b>	<b>Number</b>
	33	76

<b>Directors' emoluments</b>	<b>26 Dec 2020</b>	<b>28 Dec 2019</b>
	<b>£000</b>	<b>£000</b>
Aggregate remuneration in respect of qualifying services	1,638	1,077

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Directors accruing benefits under defined contribution schemes	2	2

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
In respect of the highest paid Director:		
Aggregate remuneration	929	677

The Directors of the Company are also directors of subsidiary companies within the Menzies Distribution Group Limited (formerly Endless Newco 1 Limited) group. The Directors do not believe that it is practicable to apportion the aggregate remuneration receivable between their services as directors of fellow subsidiary companies.



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**Notes to the financial statements (continued)****7 Taxation****Analysis of tax credit in the period**

	<b>26 Dec 2020</b>	<b>28 Dec 2019</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
Adjustments to prior period	-	(27)
Receivable for group relief	(142)	-
<b>Total current tax</b>	<b>(142)</b>	<b>(27)</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(26)	1
Adjustments to prior period	1	1
Effect of changes in tax rates	1	-
<b>Total deferred tax</b>	<b>(24)</b>	<b>2</b>
<b>Total tax credit in the Income Statement</b>	<b>(166)</b>	<b>(25)</b>

The income tax credit all relates to continuing operations.

**Reconciliation of the total tax charge**

The tax expense in the Income Statement for the period is different to the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	<b>26 Dec 2020</b>	<b>28 Dec 2019</b>
	<b>£000</b>	<b>£000</b>
Operating (loss)/profit	(878)	12
At UK corporation tax rate of 19%	(167)	2
Prior year adjustment	1	(26)
Expenses not deductible	-	3
Income not taxable	-	(4)
<b>Total tax credit reported in the Income Statement</b>	<b>(166)</b>	<b>(25)</b>

**Unrecognised tax losses**

The Company has unrecognised tax losses totalling £55k at the balance sheet date (28 December 2019: £55k), owing to the uncertainty of future profitability.

**Change in corporation tax rate**

The main rate of UK corporation tax is 19% and is legislated to increase to 25% from 1 April 2023.

**Deferred tax**

	<b>26 Dec 2020</b>	<b>28 Dec 2019</b>
	<b>£000</b>	<b>£000</b>
<b>Deferred tax in the Income Statement</b>		
(Decelerated)/accelerated capital allowances	(24)	2
<b>Deferred tax (credit)/charge</b>	<b>(24)</b>	<b>2</b>

The deferred tax included in the Company Balance Sheet is:

	<b>£000</b>	<b>£000</b>
<b>Deferred tax liability</b>		
Accelerated capital allowances	18	(6)

Disclosed on the Balance Sheet:

	<b>£000</b>	<b>£000</b>
Deferred tax asset	18	-
Deferred tax liability	-	(6)

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**Notes to the financial statements (continued)****8 Intangible assets**

	<b>Computer Software £'000</b>
<b>Cost</b>	
At 28 December 2019	10
Additions	2
Disposals	(12)
<b>At 26 December 2020</b>	<b>-</b>
<b>Amortisation</b>	
At 28 December 2019	(2)
Amortisation charge	(1)
Disposals	3
<b>At 26 December 2020</b>	<b>-</b>
<b>Net book value</b>	
<b>At 26 December 2020</b>	<b>-</b>
At 28 December 2019	8

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly attributable with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees. Costs are amortised over their estimated useful lives, usually three to seven years.

**9 Property, plant and equipment**

	<b>Plant &amp; machinery £'000</b>	<b>Computer equipment £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 28 December 2019	263	155	104	522
Additions	27	-	-	27
Disposals	(25)	(118)	(54)	(197)
<b>At 26 December 2020</b>	<b>265</b>	<b>37</b>	<b>50</b>	<b>352</b>
<b>Depreciation</b>				
At 28 December 2019	(159)	(101)	(104)	(364)
Charge for the period	(129)	(21)	-	(150)
Disposals	23	85	54	162
<b>At 26 December 2020</b>	<b>(265)</b>	<b>(37)</b>	<b>(50)</b>	<b>(352)</b>
<b>Net book value</b>				
<b>At 26 December 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 28 December 2019	104	54	-	158

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**Notes to the financial statements (continued)****10 Trade and other receivables**

	26 Dec 2020 £000	28 Dec 2019 £000
Net trade receivables	64	362
Prepayments and accrued income	43	470
Other receivables	-	37
Group relief	142	-
	<b>249</b>	<b>869</b>

All debtors are due within one year.

**11 Trade and other payables**

	26 Dec 2020 £000	28 Dec 2019 £000
<b>Due within one year</b>		
Trade creditors	2	4
Accruals and deferred income	486	445
Other taxes and social security costs	20	154
Amounts due to group company	1,053	1,008
	<b>1,561</b>	<b>1,611</b>

**12 Called-up share capital**

	26 Dec 2020 £	28 Dec 2019 £
<b>Allotted, called up and fully paid</b>		
1,000 ordinary shares of £0.10 each	100	100

**13 Operating lease commitments**

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Other	
	26 Dec 2020 £000	28 Dec 2019 £000
Within one year	59	217
Between one and five years	89	534
	<b>148</b>	<b>751</b>

**14 Capital commitments**

The Company has no capital commitments (2019: Nil).

**15 Contingent liabilities**

There are no contingent liabilities in the normal course of business which are expected to give rise to any significant loss to the Company.

**Gnewt Cargo Limited**

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**Notes to the financial statements (continued)****16 Related party transactions**

At 26 December 2020, £1,053k (2019: £1,008k) was owed to the immediate parent of the Company.

**Directors' shareholdings and share interest in the ultimate parent company as at 28 December**

Name		26 Dec 2020		28 Dec 2019	
		Number of shares owned	% shareholding	Number of shares owned	% shareholding
GJ Michael	B ordinary shares	583	0.6%	583	0.6%
GJ Michael	C1 ordinary shares	5,250	5.2%	5,250	5.2%
PRP McCourt	B ordinary shares	417	0.4%	417	0.4%
PRP McCourt	C1 ordinary shares	3,750	3.7%	3,750	3.7%

**17 Ultimate parent**

The Company's immediate parent undertaking is Menzies Distribution Limited whose parent undertaking is Menzies Distribution Group Limited (formerly Endless Newco 1 Limited), both with a registered office of Unit E, Twelvetreets Business Park, Twelvetreets Crescent, London, E3 3JG. The ultimate global parent undertaking is Endless IV (GP) LP, registered office 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ. The Company is included within the Group accounts of Menzies Distribution Group Limited (formerly Endless Newco 1 Limited) which are publicly available.