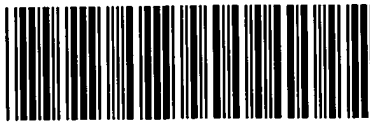

REGISTERED NUMBER: 02869014 (England and Wales)

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS
AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
FOR
RICO LOGISTICS LIMITED**

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RICO LOGISTICS LIMITED (REGISTERED NUMBER: 02869014)

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FOR THE YEAR ENDED 31 MARCH 2023**

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RICO LOGISTICS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2023**

DIRECTORS:

Mr S Sharma
Mr R Viswanathan
Mr M Seturaman
Mr J R Croyden

SECRETARY:

Mr D S Jhaveri

REGISTERED OFFICE:

Unit 4, Kennet House
Langley Quay
Waterside Drive
Slough
Berkshire
SL3 6EY

REGISTERED NUMBER:

02869014 (England and Wales)

AUDITORS:

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

BANKERS:

NatWest
118 High Street
Slough
Berkshire
SL1 1JH

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

The Directors present their strategic report of the Company and Group for the year ended 31 March 2023.

Review of business

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

For the current year, the loss before taxation was £6,246,000 (Loss before tax 2022: £3,644,000) on which there as a taxation charge of £266,000 (2022: £511,000). At the year end the Group had shareholders' funds of £13,013,000 (2022: £19,854,000) and retained earnings of £15,163,000 (2022: £21,637,000).

The Group's presence in and commitment to the UK, Continental Europe and North America was instrumental to securing new major contracts in the retail, telecoms and automotive sectors and renewed several contracts across the international customer base.

The energy prices and inflation impact due to Ukraine war was one of the major factors for the high-cost base during the year. Due to contractual obligations, impact of obtaining price increases with customers will give full results only in FY 2024. The price increases will be commensurate with the cost increase in our operation model and will bring back normal base in FY 2024. Other than inflation, Ukraine crisis has not had a direct impact on the Group. Our business displayed resilience in the backdrop of a very difficult macro situation. Our revenues did not take a hit. Despite conclusion of a large contract, our business development efforts were successful as we replaced NHS contract revenue with other new business wins. Margins of NHS were high. The new contracts that replaced it were of a lower margin and this impacted profitability.

The Directors continue to monitor the impact of Brexit. Increased demand for UK storage has increased rental costs. However, this is more than offset by growth in trading with customers adapting their UK/EU supply chains. Revenues generated outside the UK account for 28% (2022: 25%) of the Group's turnover for the year.

The Directors are confident that the customer price increases and the Group's commercial agility to win, as well as the ability to cross sell the Group's multiple service offerings during the COVID-19 pandemic and increasing economic headwinds demonstrates that it is well positioned to deliver future growth. The Directors believe that the financial position of the Group is satisfactory.

Key performance indicators

The Group considers its key performance indicators (KPIs) to be turnover, operating profit and profit before tax.

Group turnover of £196,195,000 (2022: £187,654,000) for the period, a 4.53% growth rate as a result of increasing customer base and expansion of service offerings with existing customers. The Group continued to invest in warehouse automation, systems development, new service offerings and the workforce throughout the year. Inflation, in particular fuel and wage, increased the Group's cost base. The impact was not fully offset by operational efficiencies and investments made in the year and the Directors sought to minimise the impact on customers. Consequently, margins across the Group reduced. Reported operating loss of £3,298,000 (2022: £550,000 Loss) and a loss before tax of £6,246,000 (2022: £3,644,000).

The Directors are satisfied with how the Group is adjusting to the growing economic headwinds and believe the initiatives to evolve and harmonise working practices and processes alongside investment in service delivery and technology put in place and planned for the following fiscal year position the Group well for returning to profitability.

Principal risks and uncertainties

The principal risks facing the business are similar for all companies within the market which the Group operates. These risks are the level of competition for new contracts, pressures on pricing and competitive labour markets. The Directors manage these risks by detailed and regular monitoring of turnover and gross margins, as well as regular employee engagement programmes and communications.

The Directors consider that the Group is well placed for future growth. The Group continues to develop business opportunities in new markets and sectors as well as expanding its core service offering.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

Wage and fuel inflation lead to higher costs during the second half of the year with further increase anticipated from general inflation. Apart from the global economic consequences of conflict Ukraine crisis has not had a direct impact on the Group's financial performance. The Directors are confident that the Group is well placed to address a worsening of economic conditions.

Financing

Principle funding is provided by the Ultimate Parent, TVS Supply Chain Solutions Limited (incorporated in India). An external fleet hire purchase agreement remains in place.

To fund growth the Group drew down £4,502,000 from TVS Logistics Investment UK Ltd. UK, whose ultimate Parent is TVS Supply Chain Solutions Limited (incorporated in India).

The Group's liquidity is regularly analysed and monitored. The Directors are confident about the Group's liquidity. Should it be required, the Group is able to drawdown further funds from its Ultimate Parent, TVS Supply Chain Solutions Limited (incorporated in India).

Directors' statement of compliance with duty to promote the success of the Group

This statement describes how the Directors have approached their responsibilities under s172 (1)(a) to (f) of the Companies Act 2006 for the year ended 31 March 2023.

The main stakeholders of the business include employees, shareholders, customers, suppliers and lenders.

The Directors consider that they have acted in good faith to promote the success of the Group on behalf of its stakeholders in relation to the matters set out in s172 of the Companies Act 2006.

The Directors monitor and review strategic objectives against long term growth plans. Regular reviews are held across key business areas, including financial performance, risk and opportunities, health and safety, human resources, and operations. The performance of the Group is reviewed regularly at department and board meetings. Decisions are made with thought of likely consequences and all impacts on the business in the long term.

The core principle of the Group is ensuring transparent conduct which reflects fairness in all dealings with employees, customers, and suppliers.

The Company has a policy of equal opportunities in all aspects of employment. Employees are kept informed of matters of concern to them in a variety of ways, including newsletters, email updates, meetings, and verbal communication to staff. These communications help achieve a common awareness among employees regarding the performance of the Company. The Directors understand that it is critical to engage with employees on matters of concern, which evolve to meeting the changing needs of the business. The policy of the Company is to consult, and discussion matters with employees and to resolve any problems in accordance with the relevant procedures and legislation. The consultation includes employee engagement surveys and focus groups.

The Company is committed to an equal opportunities policy in respect of all stakeholders. The Company endeavours to ensure that all stakeholders receive the same standard of service and disabled employees or potential employees are afforded the same treatment and opportunities as other employees or potential employees.

The customers and suppliers are fundamental to the success of the Group. The Group strives to continually improve and strengthen its offering for the mutual benefit of all stakeholders. This is communicated across the Group which has a growing digital presence with all our latest news available on the Group's website <https://www.ricogroup.global/>.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

The Directors' intentions are to behave responsibly towards all stakeholders and to treat them fairly and equally to ensure that they all benefit from the success of the Group.

The Directors have overall responsibility for determining the purpose, values and strategy of the Group and for ensuring high standards of governance. The primary aim of the Directors is to promote the long-term sustainable success of the Group, thus generating value for all stakeholders. Regular reporting to the Ultimate Parent of the Group, TVS Supply Chain Solutions Limited (incorporated in India) is undertaken with regards to the Group's performance and contribution to the wider group. The Group closely monitors decisions made and the Directors also participate in meetings with management of the Ultimate Parent. The Directors will continue to review and improve engagement with all stakeholders.

Key decisions during the year

New service offerings

Impact assessment on stakeholders

All new contracts won are an important part of the Group's growth and the Directors have taken consideration that new services deployment are within the Group's core capabilities to prevent/minimise any impact on the stakeholders.

ON BEHALF OF THE BOARD:

J Croymen
.....
Mr J R Croymen - Director

26 July 2023
.....
Date

RICO LOGISTICS LIMITED (REGISTERED NUMBER: 02869014)

**GROUP DIRECTORS REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

The Directors have pleasure in submitting their report together with the audited financial statements for Rico Logistics Limited ("the Group") for the year ended 31 March 2023. Rico Logistics Limited ("the Company") is a private Company limited by shares and is domiciled in the UK.

PRINCIPAL ACTIVITY

The principal activity of the Group continued to be that of the supply of technical services combined with storage and distribution primarily to the IT and associated industries. The principal activity of the Company is parts logistics services.

The results for the year and the financial position of the Group are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2023 (2022: £nil).

DIRECTORS

The Directors shown below have held office during the period from 1 April 2022 to the date of this report.

Mr R Viswanathan	
Mr S Kameswaren	(resigned 29 June 2022)
Mr M Seturaman	
Mr J R Croyden	(appointed 26 May 2023)
Mr S Sharma	(resigned 29 June 2022)
Mr S Sharma	(appointed 10 January 2023)
Mr P G Yallop	(resigned 29 June 2022)
Mr T Gunn	(resigned 31 May 2023)

FINANCIAL INSTRUMENTS

The Group's principal financial instruments during the year comprised cash, bank loans and various non-derivative financial instruments such as trade debtors and trade creditors that arise directly from its operations.

It is and has been throughout the year under review, the Group's policy that no trading in financial instruments be undertaken.

The Group uses financial instruments to manage financial and commercial risk wherever it is appropriate to do so. The main risks arising from the Group's financial instruments are interest rate risk, liquidity/cash flow risk and credit risk.

Interest rate risk:

The Group finances its operations by a mixture of retained profits and bank borrowings. Interest rate risk therefore arises on the bank borrowings.

Currency risk:

The Group does not face significant currency risk since the majority of its operations are UK-based and outside of the UK are done so with natural economics hedge, i.e. buy and sell in the same currency.

Liquidity risk/cash flow risk:

During the year, the Group's policy was to ensure continuity through bank loan and hire purchase funding with short term flexibility.

**GROUP DIRECTORS REPORT CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023**

Credit risk:

Credit risk arises from the possibility of customers and counterparties failing to meet their obligations to the Group. Debtor balances are monitored on an ongoing basis and provision is made for doubtful debts. At the reporting date, debtors which are not impaired are believed to be recoverable.

POLITICAL DONATIONS AND EXPENDITURE

The Group made no political donations during the year (2022: £nil).

The Group made no charitable donations during the year (2022: £215).

ENVIRONMENT

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Group's activities. Initiatives designed to minimise the Group's impact on the environment include improving our energy efficiency, reducing the amount of CO2 emissions by switching from conventional to renewable energy sources, minimising the consumption of water and the production of waste (both hazardous and non-hazardous) and by working to minimise unnecessary travel. The Group is certificated to ISO14001 which requires it to maintain an environmental management system with continuous improvement as a key objective.

Annual Energy Consumption and Greenhouse emissions

The Group has considered the annual Energy consumption and Greenhouse emissions for Utilities, Vehicles, Waste and Consumables. We have obtained the energy consumption for each category considered and used the DEFRA conversion provided by the government to calculate Greenhouse emissions. Utilities suppliers report energy consumption data. Vehicles is calculated by using fuel card data for consumption of fuel. Emissions is considered for passenger vehicles, Vans & HGVs using each vehicles specification. Waste and Consumables (mainly packaging) information is provided directly from the supplier. Considerable work has been carried out over the last 12-24 months to improve reporting methods on purchased consumables across all sites. Significant investment has been made in returnable and reusable packaging in the last financial year resulting in a temporary uplift in figures.

The Group has quantified its emissions which are set out in the table below. The Directors continue their commitment to adopting energy efficient utility infrastructures, sourcing of green energy and promoting energy awareness at the workplace.

Greenhouse gas emissions, energy consumption and energy efficiency

	Year ended 31 March 2023 Tonnes CO2	Year ended 31 March 2022 Tonnes CO2
UK emissions from		
Scope 1 (Direct)	13,168	10,143
Scope 2 (Energy Indirect)	1,297	1,187
Scope 3 (Other Indirect)	5,130	5,141
Total	19,595	16,471
UK energy consumed	kWh	kWh
Electricity	5,067,303	4,637,032
Gas combustion	10,495,648	2,804,231
Fuel consumption	4,192,805	3,592,007
Group's Intensity Measurement	Tonnes	Tonnes
Total CO2 emissions per £'m revenue	104.8	88.1
Total CO2 emissions per employee	12.4	10.4

Consumption data was determined by using invoices, meter data from suppliers, and estimating fuel usage based on expenditure. Emissions were determined by applying UK Government conversion factors to energy consumption values then aggregating the totals. The Gas Consumption for 2022 was understated and 2023 includes the catch up for 2022.

**GROUP DIRECTORS REPORT CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023**

Carbon intensity

Energy consumption increased as pre-COVID activity volumes returned and operational footprint grew.

Where feasible the Group enables office-based employees to work from home, although the extent of WFH has reduced post pandemic. The majority of internal and external meetings switched from face-to-face to video conferencing. These cultural shifts resulted in a significant reduction of commuting and business travel. Post COVID-19 crisis the Group is committed to minimizing such travel.

Energy efficiency action taken

The Directors continue their commitment to adopting energy efficient utility infrastructures, sourcing of green energy, and promoting energy awareness at the workplace. The Directors are also mindful of the increase of energy usage by employees working from home. Energy consumption and Greenhouse emissions are considered as part of the Group's sustainability.

EMPLOYEES

The Group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

DISABLED PERSONS

The Group's recruitment policy ensures fair and open recruitment practices which provide equal opportunity to secure employment within the Group – with reasonable adjustments if required. All necessary assistance with initial selection and training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, where possible, for retraining/re-deploying employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

GOING CONCERN

In determining whether the Group's annual financial statements can be prepared on a going concern basis, the Directors have considered the Group's business activities, together with the factors likely to affect its future development, performance and position. The review also includes the financial position of the Group and the wider Group (the Group of the Ultimate Parent), their cash flows, liquidity position and borrowing facilities. The key factors considered by the Directors were as follows:

- The implications of changes to the economic environment on the Group's revenues and profits. The Group and wider Group undertake monthly rolling forecasts for 18 months and a long-range plan for 5 years in addition to 13 weekly projections of cash flows. This allows the Group to target performance and identify areas of focus for management. These forecasts are robust, and the Group has a strong history of accurate forecasting. Stress tests, where the budgeted costs are flexed for the impact of inflation but revenue sees only 4% growth from financial year ending 31 March 2023 and increased working capital outlay relating to increased debtor days, shows that the Group has cash surplus with the lowest holding of cash at the quarterly payments of the external term loans in June, September, December and March, and does not require any additional support from the wider Group; and
- Principal risks and uncertainties including winning of new business, retention of key staff, impact of Covid-19, impact of inflation, the war in Ukraine, and foreign exchange and.
- The impact of the competitive environment within which the Group's businesses operates; and
- The potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2023**

GOING CONCERN – continued

The Ultimate Parent, TVS Supply Chain Solutions Limited incorporated in India, along with its subsidiaries entered into a Facilities Agreement dated March 19, 2020 with a consortium of lenders. The revolving credit facility can be used by the subsidiaries to meet working capital requirements. As at 25 July 2023, TVS Logistics Investments UK Limited is utilising £52,761,000 (2022: £45,761,000), of the available £62,328,597 revolving credit facility (2022: £49,511,000). On 17th March 2023 the facility was extended for a further 12 months with Barclays Bank PLC being added to the lenders. Further to this, there is a parental guarantee available for the repayment of the facility and therefore management do not foresee any impact to operations. It is expected, as had occurred in previous years, that the facility will be renewed again in March 2024, if for any reason this is not renewed the Ultimate Parent has confirmed it will continue to make available an equivalent facility to the UK Group. In addition, the Ultimate Parent has confirmed that they will not require the repayment of the inter group loan of £39,400,000 made to the parent company TVS Logistics Investment Uk Limited, and related inter group trading balances during the going concern period to 30 September 2024.

The directors have assessed the level of financial support available from the Ultimate Parent taking into account the Ultimate Parent's financial plan and cash flow forecast in the period to 30 September 2024 and are satisfied that sufficient support is available to the UK Group.

The Directors confirm that, after due consideration they have a reasonable expectation that the Company and the Group have adequate resources to continue in business to at least 30 September 2024. Accordingly, the annual report and financial statements for the year ended 31 March 2023 have been prepared on the going concern basis.

DISCLOSURE IN THE STRATEGIC REPORT

The Company has chosen, in accordance with the Companies Act 2006, s. 414C (11), to set out in the Company's strategic report, information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Director's report.


STATEMENT AS TO 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 Group'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 Group's auditors are aware of that information.

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
Mr J R Croyden - Director

26 July 2023
.....
Date

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2023**

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

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITORS TO THE MEMBERS OF RICO LOGISTICS LIMITED
FOR THE YEAR ENDED 31 MARCH 2023**

Opinion

We have audited the financial statements of Rico Logistics Limited ("the parent company") and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise Consolidated and Company Statement of Profit or Loss and Other Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cashflows and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 March 2023 and of the group's and parent company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006..

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 September 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

**INDEPENDENT AUDITORS TO THE MEMBERS OF RICO LOGISTICS LIMITED
FOR THE YEAR ENDED 31 MARCH 2023**

Other information

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

**INDEPENDENT AUDITORS TO THE MEMBERS OF RICO LOGISTICS LIMITED
FOR THE YEAR ENDED 31 MARCH 2023**

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

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

Our approach was as follows:

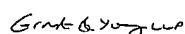
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom and other European locations of operation. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, anti-bribery and corruption regulations and GDPR.
- We understood how Rico Logistics Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures, including at the subsidiary management level and Group level, and corroborated this by reviewing supporting documentation and review of Board Minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management in various parts of the business and understanding their assessment of susceptibility to fraud, by considering areas of significant judgement and estimation, complex transactions, performance targets, economic or external pressures and the impact these factors have on a likelihood of material misstatement. We considered the risk of management override and assumed revenue to be a fraud risk, specifically as a result of risk of overstatement of revenues during the period ends and manual journals posted to revenue accounts, and performed audit procedures, as well as incorporating data analytics into our audit approach. We tested specific transactions back to supporting documentation and third-party documentation where available.

Based on this understanding we designed our audit procedures to identify noncompliance with laws and regulations. Our procedures involved review of the minutes of Board meetings, enquiries of management, journal entry testing with a focus on journals meeting our defined risk criteria. In addition, we completed procedures to conclude on the compliance of the disclosures in financial statements with the requirements of the relevant accounting standards.

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

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.



**Eddie Diamond (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor,
Leeds**

Date: 27 July 2023

RICO LOGISTICS LIMITED (REGISTERED NUMBER: 02869014)**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £'000	2022 £'000
CONTINUING OPERATIONS			
Revenue	3	196,195	187,654
Cost of sales		<u>(145,589)</u>	<u>(138,522)</u>
GROSS PROFIT		50,606	49,132
Other operating income		104	94
Administrative expenses		<u>(54,008)</u>	<u>(49,776)</u>
OPERATING (LOSS)	6	(3,298)	(550)
Finance costs	5	(2,951)	(3,094)
Finance income	5	<u>3</u>	<u>-</u>
(LOSS) BEFORE INCOME TAX	6	(6,246)	(3,644)
Income tax	7	<u>(266)</u>	<u>(511)</u>
(LOSS) FOR THE YEAR		<u>(6,512)</u>	<u>(4,155)</u>
(Loss) attributable to:			
Owners of the parent		(6,474)	(3,953)
Non-controlling interests		(38)	(202)
		<u>(6,512)</u>	<u>(4,155)</u>

RICO LOGISTICS LIMITED (REGISTERED NUMBER: 02869014)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	2023	2022
	£'000	£'000
(LOSS) FOR THE YEAR	(6,512)	(4,155)
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified to profit or loss:		
Exchange differences on foreign currency	—	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(6,512)</u>	<u>(4,155)</u>
Total comprehensive income attributable to:		
Owners of the parent	(6,474)	(3,953)
Non-controlling interests	<u>(38)</u>	<u>(202)</u>
	<u>(6,512)</u>	<u>(4,155)</u>

RICO LOGISTICS LIMITED (REGISTERED NUMBER: 02869014)**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 MARCH 2023**

	Notes	2023 £'000	2022 £'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	8	9,668	9,668
Owned			
Intangible assets	9	5,704	6,907
Property, plant and equipment	10	6,948	7,316
Right-of-use			
Property, plant and equipment	11	19,602	25,198
Trade and other receivables	14	<u>1,116</u>	<u>954</u>
		<u>43,038</u>	<u>50,043</u>
CURRENT ASSETS			
Inventories	13	5,194	5,034
Trade and other receivables	14	46,949	52,193
Deferred tax asset	14	62	55
Cash and cash equivalents	15	<u>3,153</u>	<u>10,822</u>
		<u>55,358</u>	<u>68,104</u>
TOTAL ASSETS		<u>98,396</u>	<u>118,147</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	16	54	54
Other reserves	17	(1,680)	(1,351)
Retained earnings	17	<u>15,163</u>	<u>21,637</u>
		13,537	20,340
Non-controlling interests	12	<u>(524)</u>	<u>(486)</u>
TOTAL EQUITY		<u>13,013</u>	<u>19,854</u>

RICO LOGISTICS LIMITED (REGISTERED NUMBER: 02869014)**CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED
31 MARCH 2023**

	Notes	2023 £'000	2022 £'000
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	19	17,349	22,777
Deferred tax	23	<u>1,042</u>	<u>1,034</u>
		18,391	23,811
CURRENT LIABILITIES			
Trade and other payables	18	22,342	33,453
Financial liabilities			
Interest bearing loans and borrowings	19	44,387	40,766
Provisions	22	<u>263</u>	<u>263</u>
		66,992	74,482
TOTAL LIABILITIES		85,383	98,293
TOTAL EQUITY AND LIABILITIES		98,396	118,147

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

J Croyden

.....
Mr J R Croyden - Director

Date: 26 July 2023
.....

RICO LOGISTICS LIMITED (REGISTERED NUMBER: 02869014)

**COMPANY STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2023**

	2023 £'000	2022 £'000
CONTINUING OPERATIONS		
Revenue	115,938	114,441
Cost of sales	<u>(88,580)</u>	<u>(83,301)</u>
GROSS PROFIT	27,358	31,140
Administrative expenses	<u>(31,799)</u>	<u>(28,816)</u>
OPERATING (LOSS)/PROFIT	(4,441)	2,324
Finance costs	(1,855)	(1,764)
Finance income	<u>3</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	(6,293)	560
Income tax	<u>-</u>	<u>(9)</u>
(LOSS)/PROFIT FOR THE YEAR	<u>(6,293)</u>	<u>551</u>
(Loss)/profit attributable to:		
Owners of the parent	(6,293)	551
Non-controlling interests	-	-
	<u>(6,293)</u>	<u>551</u>

RICO LOGISTICS LIMITED (REGISTERED NUMBER: 02869014)

**COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	2023 £'000	2022 £'000
(LOSS)/PROFIT FOR THE YEAR	(6,293)	551
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified to profit or loss:		
Exchange differences on foreign currency	-	-
Reserve transfer on acquisition	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(6,293)</u>	<u>551</u>
Total comprehensive (loss)/income attributable to:		
Owners of the parent	(6,293)	551
Non-controlling interests	-	-
	<u>(6,293)</u>	<u>551</u>

**COMPANY STATEMENT OF FINANCIAL POSITION
31 MARCH 2023**

	Notes	2023 £'000	2022 £'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	8	102	102
Owned			
Intangible assets	9	1,464	1,790
Property, plant and equipment	10	4,307	4,231
Right-of-use			
Property, plant and equipment	11	9,822	12,100
Investments		13,926	13,926
Trade and other receivables	14	162	153
Deferred tax	23	78	78
		<u>29,861</u>	<u>32,380</u>
CURRENT ASSETS			
Inventories	13	538	278
Trade and other receivables	14	59,266	56,744
Cash and cash equivalents	15	1,348	6,656
		<u>61,152</u>	<u>63,678</u>
TOTAL ASSETS		<u>91,013</u>	<u>96,058</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	16	54	54
Retained earnings	17	20,008	26,331
TOTAL EQUITY		<u>20,062</u>	<u>26,385</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	19	8,691	11,018
CURRENT LIABILITIES			
Trade and other payables	18	22,627	22,556
Financial liabilities - borrowings			
Interest bearing loans and borrowings	19	39,382	35,848
Provisions	22	251	251
		<u>62,260</u>	<u>58,655</u>
TOTAL LIABILITIES		<u>70,951</u>	<u>69,673</u>
TOTAL EQUITY AND LIABILITIES		<u>91,013</u>	<u>96,058</u>

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

J Croymden
.....
Mr J R Croymden - Director

26 July 2023
.....
Date

RICO LOGISTICS LIMITED (REGISTERED NUMBER: 02869014)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £'000	Retained earnings £'000	Other reserves £'000
Balance at 1 April 2021	54	25,590	(758)
Changes in equity			
Total comprehensive expense	-	(3,953)	-
Foreign currency movement	-	-	(593)
Changes in equity	<u> </u>	<u> </u>	<u> </u>
Balance at 31 March 2022	<u>54</u>	<u>21,637</u>	<u>(1,351)</u>
Changes in equity			
Total comprehensive expense	-	(6,474)	-
Foreign currency movement	-	-	(329)
Changes in equity	<u> </u>	<u> </u>	<u> </u>
Balance at 31 March 2023	<u>54</u>	<u>15,163</u>	<u>(1,680)</u>
	Total	Non-controlling	Total
	£'000	interests	equity
		£'000	£'000
Balance at 1 April 2021	24,886	(284)	24,602
Changes in equity			
Total comprehensive expense	(3,953)	(202)	(4,155)
Foreign currency movement	(593)	-	(593)
Reserve transfer on acquisition	-	-	-
Changes in equity	<u> </u>	<u> </u>	<u> </u>
Balance at 31 March 2022	<u>20,340</u>	<u>(486)</u>	<u>19,854</u>
Changes in equity			
Total comprehensive expense	(6,474)	(38)	(6,512)
Foreign currency movement	(329)	-	(329)
Reserve transfer on acquisition	-	-	-
Changes in equity	<u> </u>	<u> </u>	<u> </u>
Balance at 31 March 2023	<u>13,537</u>	<u>(524)</u>	<u>13,013</u>

RICO LOGISTICS LIMITED (REGISTERED NUMBER: 02869014)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2021	54	25,616	25,670
Changes in equity			
Total comprehensive income	-	551	551
Translation reserve	-	164	164
Balance at 31 March 2022	54	26,331	26,385
Changes in equity			
Total comprehensive (loss)/income	-	(6,293)	(6,293)
Translation reserve	-	(30)	(30)
Balance at 31 March 2023	54	20,008	20,062

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	2023	2022
	£'000	£'000
Cash flows from operating activities		
Cash generated from operations	(776)	10,379
Interest paid	(2,951)	(3,094)
Tax received / (paid)	(266)	(232)
Net cash from operating activities	<u>(3,993)</u>	<u>7,053</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(548)
Purchase of tangible fixed assets	(1,704)	(1,377)
Sale of tangible fixed assets	371	142
Acquisition of non-controlling interests	-	-
Payment of Lease Liability	(6,096)	(6,295)
Interest received	3	-
Net cash from investing activities	<u>(7,426)</u>	<u>(8,078)</u>
Cash flows from financing activities		
New loans in year	-	-
Loan repaid	-	-
Amounts due to related party	72	-
Loan from holding company	4,502	3,300
Loan from bank	-	-
HP loan repayments	(824)	(631)
Net cash from financing activities	<u>3,750</u>	<u>2,699</u>
Increase/(decrease) in cash and cash equivalents	(7,669)	1,644
Cash and cash equivalents at beginning of year	10,822	9,178
Cash and cash equivalents at end of year	<u>3,153</u>	<u>10,822</u>

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS	2023 £'000	2022 £'000
(Loss)/profit before income tax	(6,246)	(3,479)
Depreciation charges	1,697	1,732
Loss on disposal of fixed assets	4	-
Amortisation	1,203	1,347
Provision for doubtful debts	(177)	32
Exchange gain / (loss)	(329)	(758)
Amortisation of right of use assets	6,135	6,527
Increase / (Decrease) in provisions	-	79
Finance costs	2,951	3,094
Finance income	<u>(3)</u>	<u>-</u>
	5,235	8,574
Increase in inventories	(161)	(234)
Decrease/(increase) in trade and other receivables	5,229	(9,757)
Increase in contract assets	(540)	(3,074)
Increase/(decrease) in trade and other payables	(11,079)	12,426
Increase in contract liabilities	<u>540</u>	<u>2,444</u>
Cash generated from operations	<u>(776)</u>	<u>10,379</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2023

	2023 £'000	2022 £'000
Cash and cash equivalents	<u>3,153</u>	<u>10,822</u>

Year ended 31 March 2022

	2022 £'000	2021 £'000
Cash and cash equivalents	<u>10,822</u>	<u>9,178</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. STATUTORY INFORMATION

Rico Logistics 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 General Information page.

Rico Logistics Limited ("the Company") is a limited company domiciled and incorporated in England.

The address of the Company's registered office and place of business is Unit 4 Kennet House, Langley Quay, Waterside Drive, Slough, Berkshire, SL3 6EY.

The principal activity of the Group and Company during the year is described in the directors' report.

The Group consists of Rico Logistics Limited and all of its subsidiaries.

The Group's and the Company's financial statements have been prepared and approved by the Directors in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The presentation currency of these financial statements is sterling. All monetary amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

2. ACCOUNTING POLICIES

Basis of measurement

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the profit or loss.

Basis of consolidation

Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on consolidation. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business in accordance with IFRS15. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Revenue is shown net of Value Added Tax. Revenue is recognised once goods have been despatched or services provided and is representative of the Group fulfilling its contractual performance obligations with regards to activities performed under each contractual arrangement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023**

2. ACCOUNTING POLICIES - continued

Contracts contain various performance obligations, for which each distinctive performance obligation is separately identified. At inception, consideration is assigned to each performance obligation on the basis of the stand-alone selling price. Contracts include both variable and fixed consideration which the Company invoices on a monthly basis after assessing the delivery of each performance obligation. Any contingent consideration is recognised when it is highly probable the Company will receive the consideration and the value can be reliably measured.

Property, plant and equipment

Recognition and measurement:

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation:

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the reducing balance method, and is generally recognised in the statement of profit and loss. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Leasehold improvements are amortised on a straight-line basis over the useful life of the asset or the lease period whichever is lower.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets and are different from those prescribed in Schedule II of the Act.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Business combinations

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions prior to 1 April 2016 (date of transition to IFRSs):

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The Group and Company elected not to restate business combinations that took place prior to 1 April 2016. In respect of acquisitions prior to 1 April 2016, goodwill is included at 1 April 2016 on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES - continued

Acquisitions and disposals of non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

Goodwill and other intangibles

Goodwill:

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated equity accounted investees. Goodwill is not amortised but is tested annually for impairment, with the impairment review being completed as a single cash generating unit.

Research and development:

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes.

Other intangible assets:

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation:

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

Customer relationships	10 Years
Brands	10 Years
Computer software	10 Years

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	Over lease term
Fixtures, fittings and equipment	10% straight line effective 1 April 2022
Computer equipment	20% straight line effective 1 April 2022

Financial Instruments

Classification of financial instruments issued by the Group

Following the adoption of IFRS9, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023**

2. ACCOUNTING POLICIES - continued

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables:

Trade receivables are measured at amortised cost using the effective interest method, less any allowance for expected credit losses. When assessing recoverability the Directors consider the aging of receivables, past experience of recoverability, and the credit profile of individuals or Companies when calculating a provision for expected credit loss. Provisions for expected credit losses are measured at each reporting date.

Trade and other payables:

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents:

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings:

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Financial assets

Trade debtors:

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Trade receivables are measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Expected credit losses are measured at each reporting date following a risk based and ageing based probability-weighted estimate of the potential credit loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023**

2. ACCOUNTING POLICIES - continued

Stock:

Stocks are stated at the lower of cost and net releasable value. Cost is based on purchases on a FIFO basis. Work in progress and finished goods include labour and attributable overheads. Provisions for impairment are made immediately upon recognition.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments:

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade creditors:

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings:

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities:

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Inventories

Inventories consist of packing materials, stores, stock in trade and spare parts and are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The comparison of cost and net realisable value is made on an item-by-item basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES - continued

Taxation

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of the Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023**

2. ACCOUNTING POLICIES - continued

Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in OCI:

- equity investments at fair value through OCI (FVOCI)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective
- qualifying cash flow hedges to the extent that the hedges are effective.

Functional and presentational currencies

The consolidated financial statements are presented in sterling which is also the functional currency of the Company.

Changes to IFRS

The following amendments became effective for the Group as at 1 April 2022:

- References to the Conceptual Framework (Amendments to IFRS 3).
- Proceeds before intended use (Amendments to IAS 16).
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41).

Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- Amendments to IFRS 17 Insurance Contracts including the Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS 17).
- Definition of Accounting Estimates (Amendments to IAS 8).
- Disclosure of Accounting Policies (Amendments 1 and Practice Statement 2).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- Non-current Liabilities with Covenants (Amendments to IAS 1).

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The Right of use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES - continued

In addition, the Right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Incremental borrowing rate is considered to be as follows based on the Company's current access to borrowing:

- All leases that are less than 5 years - 4.5% discount rate
- All leases that are more than 5 years - 6% discount rate

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company has elected to apply the practical expedient not to recognise Right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Hire purchase

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership (finance leases). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit and loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

Employee benefit costs

The costs of short-term employee benefits are recognised as a liability and an expense.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company and its subsidiaries in various geographies make contributions, generally determined as a specified percentage of employee salaries, in respect of qualifying employees in accordance with the local laws and regulations in the respective countries which are defined contribution plans. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023**

2. ACCOUNTING POLICIES – continued

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

Contingent liabilities

Contingent liability is disclosed for all:

- possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company (or)
- present obligations arising from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

In respect of contingent assets for which inflow of economic benefits are probable, the Company discloses a brief description of the nature of the contingent assets at the end of the year, and, where practicable, an estimate of their financial effect.

Impairment excluding inventories and deferred tax assets

Financial assets (including receivables):

Financial assets are assessed for indicators of credit losses at each reporting date. A financial asset is 'credit impaired' where there is objective evidence that, as a result of one or more event that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

ECL's are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023**

2. ACCOUNTING POLICIES - continued

The Group has considered the credit risk on amounts owed from group undertakings and this is considered to be extremely low risk on the basis that there have been no recent credit losses on such balances. Therefore, the ECL model has not been applied to such balances.

Financial assets are derecognised only when the contractual rights to cash flows from the asset expire or are settled, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Non-financial assets:

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and Estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023**

2. ACCOUNTING POLICIES - continued

The Group evaluates the collectability of trade debtors and records provisions for doubtful debts based on a combination of the relative age of the debt and the debtors financial standing along with consideration being made of the actual write-off history. The actual level of debt collected may differ from the estimated levels of recovery and could impact future operating results positively or negatively. The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the total tax charge necessarily involves a degree of estimation and judgement in respect of certain items. The final outcome of some of these items may give rise to profit and loss and/or cash flow variances.

Provisions have been made for dilapidations. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

The Group performs impairment reviews of Intangible Assets. Future cash generation is estimated based on assumptions of revenue and cost development and working capital requirements. The reviews are subjective to sensitivity scenarios to stress test the forecasts.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment during the year is included wherever necessary.

Going concern

In determining whether the Group's annual financial statements can be prepared on a going concern basis, the Directors have considered the Group's business activities, together with the factors likely to affect its future development, performance and position. The review also includes the financial position of the Group and the wider Group (the Group of the Ultimate Parent), their cash flows, liquidity position and borrowing facilities. The key factors considered by the Directors were as follows:

- The implications of changes to the economic environment on the Group's revenues and profits. The Group and wider Group undertake monthly rolling forecasts for 18 months and a long-range plan for 5 years in addition to 13 weekly projections of cash flows. This allows the Group to target performance and identify areas of focus for management. These forecasts are robust, and the Group has a strong history of accurate forecasting. Stress tests, where the budgeted costs are flexed for the impact of inflation but revenue sees only 4% growth from financial year ending 31 March 2023 and increased working capital outlay relating to increased debtor days, shows that the Group has cash surplus with the lowest holding of cash at the quarterly payments of the external term loans in June, September, December and March, and does not require any additional support from the wider Group; and
- Principal risks and uncertainties including winning of new business, retention of key staff, impact of Covid-19, impact of inflation, the war in Ukraine, and foreign exchange and.
- The impact of the competitive environment within which the Group's businesses operates; and
- The potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023**

2. ACCOUNTING POLICIES - continued

The Ultimate Parent, TVS Supply Chain Solutions Limited incorporated in India, along with its subsidiaries entered into a Facilities Agreement dated March 19, 2020, with a consortium of lenders. The revolving credit facility can be used by the subsidiaries to meet working capital requirements. As at 25 July 2023, TVS Logistics Investments UK Limited is utilising £52,761,000 (2022: £45,761,000), of the available £62,328,597 revolving credit facility (2022: £49,511,000). On 17th March 2023 the facility was extended for a further 12 months with Barclays Bank PLC being added to the lenders. Further to this, there is a parental guarantee available for the repayment of the facility and therefore management do not foresee any impact to operations. It is expected, as had occurred in previous years, that the facility will be renewed again in March 2024, if for any reason this is not renewed the Ultimate Parent has confirmed it will continue to make available an equivalent facility to the UK Group. In addition, the Ultimate Parent has confirmed that they will not require the repayment of the inter group loan of £39,400,000 made to the parent company TVS Logistics Investment UK Limited and related inter group trading balances during the going concern period to 30 September 2024.

The directors have assessed the level of financial support available from the Ultimate Parent taking into account the Ultimate Parent's financial plan and cash flow forecast in the period to 30 September 2024 and are satisfied that sufficient support is available to the UK Group.

The Directors confirm that, after due consideration they have a reasonable expectation that the Company and the Group have adequate resources to continue in business to at least 30 September 2024. Accordingly, the annual report and financial statements for the year ended 31 March 2023 have been prepared on the going concern basis.

3. REVENUE

Segmental reporting

The geographical information analyses the Company's revenues by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segment assets have been based on the geographical location of the assets.

	2023	2022
	£'000	£'000
UK	141,936	140,363
Rest of World	54,259	47,291
	<u>196,195</u>	<u>187,654</u>

Revenue from contracts with customers

Revenue from the Company's customer, National Cash Registers individually accounts for more than 10% of the revenue at £25.2m (2022: £28.7m). No other customer's revenue individually accounts for more than 10% of revenue.

4. EMPLOYEES AND DIRECTORS

	2023	2022
	£'000	£'000
Wages and salaries	48,866	43,326
Social security costs	6,513	6,019
Other pension costs	883	1,071
Expense arising from equity-settled share-based payment transactions	-	90
	<u>56,262</u>	<u>50,506</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

4. ACCOUNTING POLICIES - continued

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

	2023	2022
Directors	3	3
Sales and administration	502	455
Operations	1,238	1122
	<hr/>	<hr/>
	1,743	1,580

	2023	2022
	£'000	£'000
Total Director's remuneration	424	567
CCPS conversion	350	-
Director's pension contributions to money purchase schemes	25	25

	2023	2022
	£'000	£'000
Highest Director's remuneration	269	209
CCPS conversion	350	-
Director's pension contributions to money purchase schemes	20	13
Share Based Payments for Directors Remuneration	448	13
	<hr/>	<hr/>

Certain directors who served during the year are also directors of the Ultimate Parent Company or a fellow Group Company and are remunerated by those companies. Although they do receive remuneration in respect of their services to various Group companies, including this Company, it is not practicable to allocate their remuneration to individual companies in the Group. Therefore, their remuneration has been disclosed in the accounts of the relevant company from which remuneration is received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

5. NET FINANCE COSTS

	2023 £'000	2022 £'000
Finance income:		
Deposit account interest	<u>3</u>	<u>-</u>
Finance costs:		
Bank interest	74	12
Interest charges	1,135	986
Bank charges	162	121
Cost relating to lease liability under IAS	1,533	1,813
Hire purchase	<u>47</u>	<u>162</u>
	<u>2,951</u>	<u>3,094</u>
Net finance costs	<u>2,948</u>	<u>3,094</u>

6. LOSS BEFORE INCOME TAX

The loss before taxation (2022 loss before taxation) is stated after charging/(crediting):

	2023 £'000	2022 £'000
Cost of inventories recognised as expense	6,281	5,647
Amortisation of intangibles	1,203	1,347
Depreciation - owned assets	1,518	1,181
Depreciation - HP assets	179	550
Depreciation - right of use assets	6,107	6,527
Audit of these financial statements	75	75
Audit of financial statements of subsidiaries of the Company	393	105
Loss/(Gain) on disposal of fixed assets	4	(36)
Furlough grant income received	-	(94)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

7. INCOME TAX

Analysis of tax expense

	2023 £'000	2022 £'000
Current tax:		
Tax	258	497
Deferred tax	<u>8</u>	<u>14</u>
Total tax expense in consolidated statement of profit or loss	<u>266</u>	<u>511</u>

Factors affecting the tax expense

The tax assessed for the year is higher (2022: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2023 £'000	2022 £'000
Loss before income tax	<u>(6,246)</u>	<u>(3,644)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	(1,187)	(692)
Effects of:		
Non-deductible expenditure	(13)	820
Tax rate differences between geographies	174	51
Tax losses carried forward (net)	1,147	318
Prior periods tax charge	<u>137</u>	<u>-</u>
Tax expense	<u>258</u>	<u>497</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

8. GOODWILL

Group
Goodwill

	£'000
COST	
At 1 April 2022 and 31 March 2023	<u>9,668</u>
NET BOOK VALUE	
At 31 March 2023	<u>9,668</u>
At 31 March 2022	<u>9,668</u>

Company
Goodwill

	£'000
COST	
At 1 April 2022 and 31 March 2023	<u>398</u>
AMORTISATION	
At 1 April 2022	<u>296</u>
At 31 March 2023	<u>296</u>
NET BOOK VALUE	
At 31 March 2023	<u>102</u>
At 31 March 2022	<u>102</u>

Goodwill considered significant in comparison to the Group's total carrying amount of such assets have been allocated to the Rico Group cash generating unit. The recoverable amount has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

	2023	2022
Period on which management approved forecasts are based	5 years	5 years
Growth rate applied beyond approved forecast period	7%	3.20%
Discount rate	12%	6%

The Directors have determined that the value in use of the CGU is far in excess of its recoverable amount and as such do not consider that any reasonably possible change in a key assumption would cause the CGU's carrying amount to exceed its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

9. INTANGIBLE ASSETS

Group	Brands	Development	Customer	Totals
	£'000	costs £'000	relations £'000	£'000
COST				
At 1 April 2022	1,324	3,982	7,653	12,959
Additions	-	-	-	-
At 31 March 2023	<u>1,324</u>	<u>3,982</u>	<u>7,653</u>	<u>12,959</u>
AMORTISATION				
At 1 April 2022	510	2,275	3,267	6,052
Amortisation for year	<u>123</u>	<u>310</u>	<u>770</u>	<u>1,203</u>
At 31 March 2023	<u>633</u>	<u>2,585</u>	<u>4,037</u>	<u>7,255</u>
NET BOOK VALUE				
At 31 March 2023	<u>691</u>	<u>1,397</u>	<u>3,616</u>	<u>5,704</u>
At 31 March 2022	<u>814</u>	<u>1,707</u>	<u>4,386</u>	<u>6,907</u>
Company				
	Brands	Development	Customer	Totals
	£'000	costs £'000	relations £'000	£'000
COST				
At 1 April 2022	53	3,982	65	4,100
Additions	-	-	-	-
At 31 March 2023	<u>53</u>	<u>3,982</u>	<u>65</u>	<u>4,100</u>
AMORTISATION				
At 1 April 2022	25	2,275	10	2,310
Amortisation for year	<u>5</u>	<u>310</u>	<u>11</u>	<u>326</u>
At 31 March 2023	<u>30</u>	<u>2,585</u>	<u>21</u>	<u>2,636</u>
NET BOOK VALUE				
At 31 March 2023	<u>23</u>	<u>1,397</u>	<u>44</u>	<u>1,464</u>
At 31 March 2022	<u>28</u>	<u>1,707</u>	<u>55</u>	<u>1,790</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Improvements to property £'000	Fixtures and fittings £'000	Total £'000
COST			
at 1 April 2022	6,395	11,708	18,103
Additions	543	1,161	1,704
Disposals	(190)	(2,170)	(2,360)
Reclassification	239	(239)	-
At 31 March 2023	<u>6,987</u>	<u>10,460</u>	<u>17,447</u>
DEPRECIATION			
At 1 April 2022	3,448	7,339	10,787
Charge for year	645	1,052	1,697
Disposal	(190)	(1,795)	(1,985)
At 31 March 2023	<u>3,903</u>	<u>6,596</u>	<u>10,499</u>
NET BOOK VALUE			
At 31 March 2023	<u>3,084</u>	<u>3,864</u>	<u>6,948</u>
At 31 March 2022	<u>2,947</u>	<u>4,369</u>	<u>7,316</u>

Company

	Improvements to property £'000	Vehicles £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST					
At 1 April 2022	2,850	-	6,501	497	9,848
Additions	69	375	222	258	924
Disposals	-	-	-	-	-
At 31 March 2023	<u>2,919</u>	<u>375</u>	<u>6,723</u>	<u>755</u>	<u>10,772</u>
DEPRECIATION					
At 1 April 2022	350	-	5143	124	5,617
Charge for year	194	50	372	232	848
Disposal	-	-	-	-	-
At 31 March 2023	<u>544</u>	<u>50</u>	<u>5,515</u>	<u>356</u>	<u>6,465</u>
NET BOOK VALUE					
At 31 March 2023	<u>2,375</u>	<u>325</u>	<u>1,208</u>	<u>399</u>	<u>4,307</u>
At 31 March 2022	<u>2,500</u>	<u>-</u>	<u>1,358</u>	<u>373</u>	<u>4,231</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

11. RIGHT OF USE ASSETS

Group	Building £'000	Plant and machinery £'000	Totals £'000
COST			
At 1 April 2022	45,585	6,348	51,933
Additions	487	-	487
Re measurement	23	-	23
FX	24	-	24
At 31 March 2023	<u>46,119</u>	<u>6,348</u>	<u>52,467</u>
DEPRECIATION			
At 1 April 2022	22,224	4,511	26,735
Charge for year	5,180	927	6,107
FX	23	-	23
At 31 March 2023	<u>27,427</u>	<u>5,438</u>	<u>32,865</u>
NET BOOK VALUE			
At 31 March 2023	<u>18,692</u>	<u>910</u>	<u>19,602</u>
At 31 March 2022	<u>23,361</u>	<u>1,837</u>	<u>25,198</u>
Company			Building £'000
COST			
At 1 April 2022			23,541
Additions			462
Re measurement			23
At 31 March 2023			<u>24,026</u>
DEPRECIATION			
At 1 April 2022			11,441
Charge for year			2,763
At 31 March 2023			<u>14,204</u>
NET BOOK VALUE			
At 31 March 2023			<u>9,822</u>
At 31 March 2022			<u>12,100</u>

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between 3 and 15 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

The Group also has certain leases of machinery and office equipment with lease terms of 12 months. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The carrying amounts of Right of use assets recognised and the movements during the period are set out in the table above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

12. INVESTMENTS

The companies in which the Company's interest is more than 20% Ordinary shares are as follows:

Name of Subsidiary	Registered Address	Country of Incorporation	Ownership Interest	
			31 March 2023	31 March 2022
SPC International Limited	Unit 4, Kennet House, Langley Quay, Waterside Drive, Slough, UK, SL3 6EY	UK	100.00%	100.00%
Triage Holdings Limited **	Unit 4, Kennet House, Langley Quay, Waterside Drive, Slough, UK, SL3 6EY	UK	100.00%	100.00%
Tri-Tec Support Limited	Unit 10B Airways Industrial Estate Santry, Dublin 9, Eire	Ireland	100.00%	100.00%
TVS SCS Rico Italia	TVS SCS RICO ITALIA SRL A SOCIO UNICO, Viale Papiniano 22/B, 20123 Milan (Italy)	Italy	100.00%	100.00%
Ricochet Spain	C/Islandia, 10 28821 Coslada - Madrid - Spain	Spain	100.00%	100.00%
Rico Logistique France	Unit A1-B2, Batiment 14, Z.I Garonor, 93600 Aulnay Sous Bios, Paris	France	100.00%	100.00%
Rico Logistics Limited	Unit 2, Block V Regents Park Ind Est 391 Park Road, NSW 2143, Australia	Australia	100.00%	100.00%
Circle Express Limited	Unit 4, Kennet House, Langley Quay, Waterside Drive, Slough, UK, SL3 6EY	UK	95.00%	95.00%
Step-down subsidiaries:				
Pitcomp 171 Limited ***	1st Floor, Beasley Court, 3 Warwick Place, Uxbridge, Middlesex, UK, UB8 1PE	UK	100.00%	100.00%
SPC EBT Trustees Limited ***	1st Floor, Beasley Court, 3 Warwick Place, Uxbridge, Middlesex, UK, UB8 1PE	UK	100.00%	100.00%
SPC International Inc	4777 Aviation Parkway Suite H, Atlanta, GA 30349, USA	USA	100.00%	100%

RICO LOGISTICS LIMITED (REGISTERED NUMBER: 02869014)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023**

SPC International SRO	Obchodná 15 (4915, 921 01 Piešťany, Slovakia)	Slovakia	100.00%	100%
Triage Service Limited	Unit 4, Kennet House, Langley Quay, Waterside Drive, Slough, UK, SL3 6EY	UK	100.00%	100.00%
SPC International (Engineering) Limited ***	1st Floor, Beasley Court, 3 Warwick Place, Uxbridge, Middlesex, UK, UB8 1PE	UK	100.00%	100.00%
Eltec IT Services S.L.U	Calle Marie Curie, 19; 28521 Rivas Vaciamadrid; Spain	Spain	100.00%	100.00%
Tri-Tec Computer Support Limited ***	Unit 5/7, Coastal Warehouse, 83 Dargain Road, Belfast, BT3 9JU	Northern Ireland	100.00%	100.00%

Companies denoted with *** are dormant companies. Companies denoted with ** are holding companies. All other companies are trading entities.

Non-Controlling Interests

The following table summarises the information relating to the Group's subsidiary with material Non-Controlling Interests, before intra-group eliminations.

	2023
	£'000
NCI percentage	5%
Non-current assets	6,250
Current assets	10,270
Non-current liabilities	(4,927)
Current liabilities	<u>(22,078)</u>
Total liabilities considered for NCI calculation	(10,485)
<i>Carrying amount of NCI</i>	(524)
Revenue	27,233
Loss	(763)
OCI	-
Total comprehensive income	(763)
Loss allocated to NCI	(38)
OCI allocated to NCI	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

13. INVENTORIES

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Stocks	5,194	5,034	538	278
	<u>5,194</u>	<u>5,034</u>	<u>538</u>	<u>278</u>

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current:				
Trade debtors	25,930	33,735	18,709	17,053
Other debtors	8,708	2,500	256	151
Deferred tax asset	62	55	-	-
Amounts owed by group undertakings	979	1,213	30,541	30,702
Prepayments and accrued income	<u>11,332</u>	<u>14,745</u>	<u>9,760</u>	<u>8,838</u>
	<u>47,011</u>	<u>52,248</u>	<u>59,266</u>	<u>56,744</u>
Non-current:				
Other debtors	<u>1,116</u>	<u>954</u>	<u>162</u>	<u>153</u>
Aggregate amounts	<u>48,127</u>	<u>53,202</u>	<u>59,428</u>	<u>56,897</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank accounts	<u>3,153</u>	<u>10,822</u>	<u>1,348</u>	<u>6,656</u>

16. a) CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023 £'000	2022 £'000
45,826	Ordinary	£1	46	46
8,086	Ordinary A	£1	<u>8</u>	<u>8</u>
			<u>54</u>	<u>54</u>

The Ordinary and Ordinary A Shares are separate classes of shares for the purpose of the declaration of dividends. The declaration of a dividend in respect of one class of share shall not compel a dividend at the same rate to be declared in respect of any other class of share. In all other respects, the Ordinary and Ordinary A shares rank equally.

b) SHARE BASED PAYMENTS

The company does not provide any share based compensation to its employees. However, the ultimate parent company has Management Incentive Plan (MIP) scheme under which share options are granted to employees of the company. In accordance with the terms of the plan, eligible employees may be granted options to purchase equity shares of the ultimate holding company if they are in service of exercise of the grant. Each employee share option converts into one equity share of the ultimate holding company on exercise at the exercise price as per the scheme. The option carry neither rights to dividend nor voting rights. Options can be exercised at any time from the date of vesting to the date of their expiry.

Fair value of share options granted during the year:

There were no options granted during the year. The weighted average fair value of the stock options* granted during the previous year is ₹ 51.10 (MIP I) & ₹ 43.80 (MIP II). Options were priced using a Black Scholes option valuation model & Monte Carlo simulation model for MIP I and II respectively. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility of guideline companies in developed and developing countries.

* Fair value option of equity shares issued under this grant is post share split with a face value of ₹ 1/- each.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

16 b) SHARE BASED PAYMENTS - continued

Inputs into the model:

	MIP I	MIP I	MIP II - Pool A & Pool B	MIP II
Grant date share price * #	96.40	127.70	96.40	127.70
Grant date	20-Nov-18	08-Feb-22	20-Nov-18	08-Feb-22
Exercise price #	95.00	95.00	95.00	95.00
Expected volatility	32.00%	53.40%	33.10%	53.25%
Option life	2.36 years	1 year	3.61 years	1.39 years
Dividend yield	0.15%	0.00%	0.15%	0.00%
Risk free interest rate	7.28%	4.40%	7.50%	4.35%

* Before adjustment for lack of marketability

After giving effect of share split

Movements in share options during the year

MIP I	Year ended 31 March 2023 Number of Options	Weighted average exercise price	Year ended 31 March 2022 Number of Options	Weighted average exercise price
Opening at the beginning of the year	1,333,310	95.00	1,183,310	95.00
Additions in number of options on account of share split	-	95.00	-	95.00
Granted during the year	-	95.00	150,000	95.00
Exercised during the year	-	-	-	95.00
Forfeited and expired during the year	-	95.00	-	95.00
Balance at the end of the year	1,333,310	95.00	1,333,310	95.00

Share options vested but not exercised

1,333,310

MIP II	Year ended 31 March 2023 Number of Options	Weighted average exercise price	Year ended 31 March 2022 Number of Options	Weighted average exercise price
Opening at the beginning of the year	814,010	95.00	764,010	95.00
Additions in number of options on account of share split	-	95.00	-	95.00
Granted during the year *	-	95.00	814,010	95.00
Options lapsed *	-	95.00	-	95.00
Forfeited and expired during the year	-	95.00	764,010	95.00
Balance at the end of the	814,010	95.00	814,010	95.00

Share options vested but not exercised

-

*Under MIP II – Pool A & Pool B, shares vest of varying dates with an option life of 5 years after vesting. During the previous year ended 31 March 2022, the Company has issued a modified MIP II scheme with modified vesting conditions and replaced MIP II – Pool A & Pool B. The Group has adopted modification accounting under Ind AS 102.

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 95.00 and a weighted average remaining contractual life of 0.25 years (2022: 0.42 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

17. RESERVES

Reserves of the group represent the following:

Other reserves

Foreign exchange gains and losses on the retranslation of the results and net assets of the Company's foreign subsidiaries are included in other reserves.

Cumulative profits and losses, net of distributions to owners.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current:				
Trade creditors	9,366	16,729	12,293	10,835
Social security and other taxes	1,032	2,611	1,501	2,999
Corporation tax	-	28	125	142
Other creditors	389	807	38	365
Accruals and deferred income	<u>11,555</u>	<u>13,278</u>	<u>8,670</u>	<u>8,215</u>
	<u>22,342</u>	<u>33,453</u>	<u>22,627</u>	<u>22,556</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

19. FINANCIAL LIABILITIES - BORROWINGS

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Current:				
Amounts owed to group	38,546	33,972	36,683	33,280
Leases (see note 21)	<u>5,841</u>	<u>6,794</u>	<u>2,699</u>	<u>2,568</u>
	<u>44,387</u>	<u>40,766</u>	<u>39,382</u>	<u>35,848</u>
Non-current:				
Leases (see note 21)	<u>17,349</u>	<u>22,777</u>	<u>8,691</u>	<u>11,018</u>

Terms and debt repayment schedule

	Amounts owed to/ from group £'000	Leases £'000	Totals £'000
Group			
1 year or less	38,546	5,841	44,586
1-2 years	-	4,885	4,885
2-5 years	-	7,788	7,788
5 years or more	-	4,676	4,669
Total	<u>38,546</u>	<u>23,190</u>	<u>61,928</u>

	Amounts owed to/ from group £'000	Leases £'000	Totals £'000
Company			
1 year or less	36,683	2,699	39,241
1-2 years	-	1,795	1,795
2-5 years	-	3,186	3,186
5 years or more	-	3,710	4,231
Total	<u>36,683</u>	<u>11,390</u>	<u>48,453</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

20. LEASING

Group
Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and Borrowings) and the movements during the period:

	2023 £'000	2022 £'000
Balance at the beginning of the year	28,348	31,569
Additions	534	3,075
Interest charge for the year	1,533	1,813
Payments made during the year	(7,624)	(8,109)
	<hr/>	<hr/>
Balance at the end of the year	<u>22,791</u>	<u>28,348</u>

The following are the amounts recognised in profit or loss:

	2023 £'000	2022 £'000
Depreciation expense of Right of use assets	6,107	6,527
Interest charged under IFRS16	<u>1,533</u>	<u>1,813</u>
Total amount recognised in the profit or loss	<u>7,640</u>	<u>8,340</u>

Due to the nature of the leases, there is potential that the Company has lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments:

	2023 £'000	2022 £'000
Within 1 year	6,186	7,480
Within 1-5 years	14,709	18,499
More than 5 years	<u>6,437</u>	<u>8,437</u>
Total payments	<u>27,332</u>	<u>34,416</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

20. LEASING - continued

Company
Lease liabilities

Minimum lease payments fall due as follows:

	2023	2022
	£'000	£'000
Gross obligations repayable:		
Within one year	2,699	2,567
Between one and five years	8,691	11,018
	<hr/> 11,390	<hr/> 13,585
Net obligations repayable:		
Within one year	2,699	2,567
Between one and five years	8,691	11,018
	<hr/> 11,390	<hr/> 13,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

21. FINANCIAL INSTRUMENTS

Financial Instruments- Fair value and risk management

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

Year ending 31.03.2023:

	Fair value through P&L £'000	Amortised cost £'000	Total £'000
Financial assets	-	56,474	56,474
Financial liabilities	-	<u>(85,383)</u>	<u>(85,383)</u>
	<u>-</u>	<u>(28,909)</u>	<u>(28,909)</u>

Year ending 31.03.2022:

	Fair value through P&L £'000	Amortised cost £'000	Total £'000
Financial assets	-	58,782	58,782
Financial liabilities	-	<u>(93,670)</u>	<u>(93,670)</u>
	<u>-</u>	<u>(34,888)</u>	<u>(34,888)</u>

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and amounts due to and from related parties approximate their fair values. Such items have been classified as under amortized cost in above table.

Measurement of fair values

The fair value of financial assets and financial liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Financial liabilities at amortised cost approximate their carrying amounts either due to their short-term maturities or because they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

- Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

21. FINANCIAL INSTRUMENTS - continued

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for the asset or liability..

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit Risk
- Liquidity risk
- Market risk

Risk management framework

Credit risk

Financial risk management:

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The carrying amount of financial assets represents the maximum credit risk exposure at the reporting date. *Trade receivables and unbilled revenue, if any are typically unsecured and are derived from revenue earned from customers.* Credit risk has always been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors.

Trade receivables and loans:

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from external customers. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

Under IFRS9, the Group uses an expected credit loss model to assess the impairment loss or gain. The Group has used a simplified approach for its trade receivables and other receivables to compute loss allowance. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of the Group's trade receivables, certain loans and advances and other financial assets.

No single customer accounted for more than 10% of the trade receivables as of 31 March 2023 and as such, there is no significant concentration of credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

21. FINANCIAL INSTRUMENTS - continued

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables and loans:

As at 31.03.2023

	Gross Carrying amount £'000	Weighted -avg. loss rate	Loss Allowance £'000
Not due	20,633	0.26%	53
Past due 1-90 days	8,839	0.99%	88
Past due 90-180 days	1,827	5.27%	96
Past due 181-365 days	1,804	3.79%	68
Past due for more than 365 days	<u>2,357</u>	27.76%	<u>655</u>
Total	<u>35,460</u>		<u>960</u>

As at 31.03.2022

	Gross carrying amount £'000	Weighted -avg. loss rate	Loss Allowance £'000
Not due	18,820	0.34%	63
Past due 1-90 days	11,130	0.94%	104
Past due 90-180 days	2,301	4.95%	114
Past due 181-365 days	2,982	2.72%	81
Past due for more than 365 days	<u>3,244</u>	23.92%	<u>775</u>
Total	<u>38,477</u>		<u>1,137</u>

Movements in the allowance for impairment in respect of trade receivables and loans

The movement in the allowance for impairment in respect of trade receivables and loans is as follows:

	2023 £'000	2022 £'000
Balance at the beginning of the year	1,137	1,106
Add: Provision for the year	51	362
Less: Provision withdrawn against bad debts written off	<u>(228)</u>	<u>(331)</u>
Balance at end of the year	<u>960</u>	<u>1,137</u>

Cash and bank balances (includes amounts classified under other bank balances and deposits and other receivables.

The Group holds cash and bank balances of £3,153,000 at 31 March 2023 (31 March 2022: £10,822,000). The Group holds cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

21. FINANCIAL INSTRUMENTS - continued

Liquidity risk

Exposure to liquidity risk:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

	Total	6 months or less	6-12 months	1-2 years	2-5 years
31.03.2023	£'000	£'000	£'000	£'000	£'000
Contractual cash flows					
Non-Derivative financial liabilities					
Unsecured loan from related party	38,546	19,273	19,273	-	-
Unsecured finance lease obligation repaid	27,332	3,093	3,093	5,189	15,957
Other Trade payables	20,921	20,921	-	-	-
Other payables	1,421	1,421	-	-	-
	88,220	44,708	22,366	5,189	15,957

	Total	6 months or less	6-12 months	1-2 years	2-5 years
31.03.2022	£'000	£'000	£'000	£'000	£'000
Contractual cash flows					
Non-Derivative financial liabilities					
Unsecured loan from related party	33,972	16,986	16,986	-	-
Unsecured finance lease obligation repaid	34,416	3,740	3,740	10,774	16,162
Other Trade payables	29,851	29,851	-	-	-
Other payables	277	277	-	-	-
	98,516	50,854	20,726	10,774	16,162

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2022

21. FINANCIAL INSTRUMENTS - continued

Market risk

Financial risk management:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that can affect the Group's income or the value in its holdings of financial instruments.

The Group does undertake hedge accounting as many of its transactions are made in a currency that is the functional currency of the related subsidiary entity and so there is a natural economic hedge present.

Foreign currency risk:

The Group's exposure to foreign currency risk is explained below. This is based on the carrying amount for monetary financial instruments:

Currency risk

Foreign exchange risk arises from a change in foreign currency exchange rate, which is expected to have an adverse effect on the Group in the current reporting period and in future years. The Group operates in several countries and subsidiary, associated and joint venture companies within the Group maintain their books and records in their respective functional currencies. The Group's accounting policy is to translate the results of overseas subsidiary companies using the weighted average exchange rates. Net assets denominated in foreign currencies and held at the financial year end are translated into Pounds Sterling, the Group's reporting currency, at year end exchange rates. Fluctuations in the exchange rate between the functional currencies and Pounds Sterling will therefore have an impact on the Group. It is the Group's policy not to hedge exposures arising from such translations. The Group's strategy is to fund overseas operations with borrowings denominated in their functional currencies as a natural hedge against overseas assets.

The Group is also exposed to the volatility in the foreign currency cash flows related to repatriation of the investments in and advances to its subsidiary companies. The Group does not hedge exposures arising from such risks.

Exposure to currency risk

The following table analyses foreign currency risk from financial instruments as of March 31, 2023 :
As at 31.03.2023

	Euro	GBP	Other
Trade receivables	16,186	16,569	1,806
Trade payables	<u>(9,816)</u>	<u>(10,291)</u>	<u>(1,161)</u>
Net Exposure in respect of recognised assets and liabilities	<u>6,370</u>	<u>6,278</u>	<u>645</u>

The following table analyses foreign currency risk from financial instruments as of March 31, 2022:
As at 31.03.2022

	Euro	GBP	Other
Trade receivables	11,299	22,766	3,072
Trade payables	<u>(6,660)</u>	<u>(19,860)</u>	<u>(1,130)</u>
Net Exposure in respect of recognised assets and liabilities	<u>4,639</u>	<u>2,906</u>	<u>1,942</u>

The Directors do not believe that the disclosure of forecast sales and purchase transactions are relevant to the understanding of the Group's exposure to currency risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

21. FINANCIAL INSTRUMENTS - continued

Sensitivity analysis

A 1% percent weakening of the Euro against the Pound Sterling at 31 March 2023 would have increased profit or loss by £63,700 (2022: £46,390). This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis has only been performed on Euro balances on the grounds of materiality and it assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

22. PROVISIONS

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Other provisions at 1 April	263	185	251	174
Provisions made	-	78	-	77
Utilised	-	-	-	-
	<u>263</u>	<u>263</u>	<u>251</u>	<u>251</u>

Overhead provisions include provisions for dilapidations which relate to the costs associated with the potential works that may need to be performed on the expiry of the occupation of certain leasehold premises from which the Group operates. These provisions may not be utilised by the end of the following financial year.

23. DEFERRED TAX

Group - Liability

	2023 £'000	2022 £'000
Balance at 1 April	1,034	1,033
Utilised in year	-	-
Reversals	8	1
Balance at 31 March	<u>1,042</u>	<u>1,034</u>

Company - Asset

	2023 £'000	2022 £'000
Balance at 1 April	78	78
Utilised in year	-	-
Reversals	-	-
Balance at 31 March	<u>78</u>	<u>78</u>

24. PENSION COMMITMENTS

The Company and its subsidiaries in various geographies make contributions, generally determined as a specified percentage of employee salaries, in respect of qualifying employees in accordance with the local laws and regulations in the respective country which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards such defined contribution plans for the year aggregated to £883,408 (31 March 2022: £1,070,908).

At the yearend £82,424 (2022: £132,845) was owed to the Group pension scheme.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023**

25. ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed.

The Group evaluates the collectability of trade debtors and records provisions for doubtful debts based on experience including comparisons of the relative age of accounts and consideration of actual write-off history. The actual level of debt collected may differ from the estimated levels of recovery and could impact future operating results positively or negatively.

The Group evaluates the recoverability of intangible fixed assets both acquired and those arising on consolidation by completing an annual impairment review. Any differences between carrying amounts and the discounted future expected cash flows are charged off to the profit and loss account. The actual recoverable amounts may differ from the estimated levels and could impact future operating results.

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the total tax charge necessarily involves a degree of estimation and judgement in respect of certain items. The final outcome of some of these items may give rise to profit and loss and/or cash flow variances.

Provisions have been made for dilapidations and stock. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

Whilst a range of outcomes is reasonably possible, applying a tolerance level 10% to the above estimates and judgements would result in a potential corresponding increase or decrease to equity and below provisions to the profit and loss.

	2023	2022
	£'000	£'000
Provision for doubtful debts	960	1,137
Provision for taxes	266	456
Dilapidations provision	263	263

Changes to lease payments have been estimated where there is a percentage increase in the lease contracts. A best estimate is used for inflation based on historic trends in RPI. When actual lease payments are finalised the lease liability and ROU will be remeasured.

26. ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The Company is a subsidiary undertaking of TVS Supply Chain Solutions Limited, incorporated in India, which is the ultimate parent company and ultimate controlling party.

The Group is controlled by TVS Logistics Investment UK Limited, the immediate parent company. The largest group in which the results of the Company are consolidated is that headed by TVS Supply Chain Services Limited, incorporated in India. The consolidated financial statements of this group are not available to the public. The smallest group in which they are consolidated is that headed by TVS Logistics Investment UK Limited, incorporated in England and Wales. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Crown Way, Cardiff.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

27. RELATED PARTY DISCLOSURES

The Company leases property owned by S Sharma, a director of the Company. During the year total rent payable on the properties was £189,000 (2022: £243,002).

Amounts due to group undertakings have been restated to better reflect the nature of the balances due to the parent company which are now included in interest-bearing loans and borrowings.

The following transactions and balances with companies under common control arose during the year and were outstanding at the year-end.

	2023	2022
	£'000	£'000
Transactions arising during the year:		
Income from logistics services:		
TVS Supply Chain Solutions Limited, UK	1,707	1,863
SPC International India Private Limited	22	152
TLM Logistics Management Co. Ltd. Thailand	17	36
TVS SCS (Australia) PTY. Limited	242	-
TVS SCS Deutschland GMBH	251	.
TVS SCS Global Freight Solutions Limited	343	-
TVS SCS Singapore PTE. Limited	370	-
Other Group entities	70	92
Freight charges:		
TVS SCS Logistics Limited	180	-
TVS SCS Logistics Limited Beijing Branch	100	-
Other Group entities	11	-
Other expenses		
TVS Logistics Services Limited - Group Corporate Division	3,810	2,315
TVS Logistics Investment UK Limited, UK	1,173	909
White Data Systems India Private Limited	158	268
SPC International Inc.	89	2
TVS Supply Chain Solutions PTE Limited	156	-
Other Group entities	89	109
Period end balances:		
Payables		
TVS Logistics Services Limited - Group Corporate Divn.	5,602	3,576
TVS SCS Singapore PTE. Limited	110	-
White Data Systems India Private Limited	296	268
TVS Supply Chain Soln. PTE Limited	119	-
TVS Logistics Investments USA Inc., USA	1,172	-
Other Group entities	39	38
Receivables		
TVS Supply Chain Solutions Limited, UK	254	386
SPC International India Private Limited	8	86
TLM Logistics Management Co. Ltd. Thailand	75	92
TVS Logistics Services Limited - Group Corporate Divn..	843	650
TVS SCS Deutschland GMBH	43	-
Other Group entities	81	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

27. RELATED PARTY DISCLOSURES - continued

	2023 £'000	2022 £'000
Loan payables/(receivable)		
TVS Logistics Investment UK Ltd. UK	37,356	32,855
TVS Logistics Investments USA Inc., USA	1,190	1,117
TVS Supply Chain Solutions Limited, UK	(306)	(741)
Transactions arising during the year:		
Interest payable on bank loans to the company by TVS Logistics Investments Limited	1,118	894
Courier services recharged from the company to TVS Supply Chain Solutions Limited, UK	1,707	2,,038
Repayment/ (Borrowing) of short term loan to TVS Supply Chain Solutions Limited, UK	4,501	3,300
Staff costs recharged from TVS Supply Chain Solutions Limited, UK	48	57
Provision of support services charged to the group:		
TVS Logistics Services Limited	1,245	755
Amounts outstanding at the balance sheet date from ultimate parent company:		
Due to TVS Supply Chain Solutions Limited, India	<u>6,040</u>	<u>3,576</u>

The following transactions and balances with TVS Logistics Services Limited, the ultimate parent company:

	2023 £'000	2022 £'000
Management fees charged to the group by TVS Supply Chain Services Limited	<u>1,206</u>	<u>1,535</u>