Clipper

Annual Report
& Accounts 2021

Enabling Retail

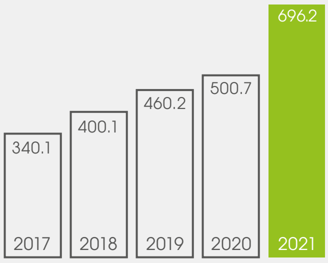
Contents

Financial Highlights

Group revenue

£696.2m

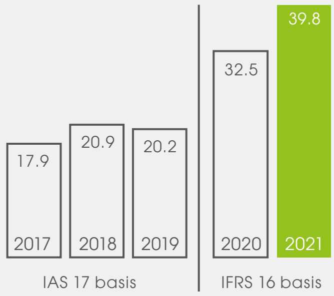
(2020: £500.7m)
+39.1%



Group EBIT[1]

£39.8m

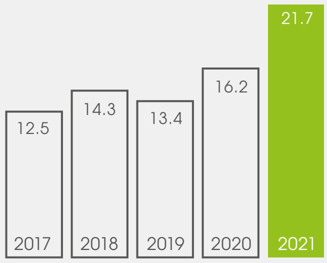
(2020: £32.5m)
+22.5%



Group profit after tax

£21.7m

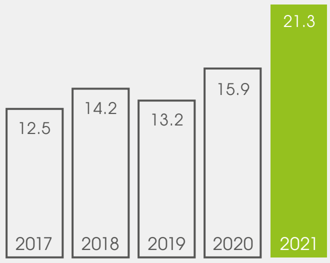
(2020: £16.2m)
+33.8%



Earnings per share

21.3p

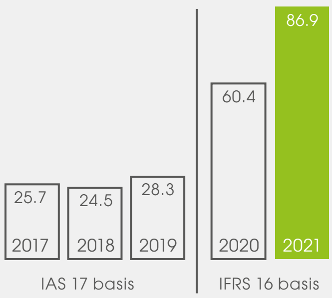
(2020:15.9p)
+34.0%



Cash generated from operations

£86.9m

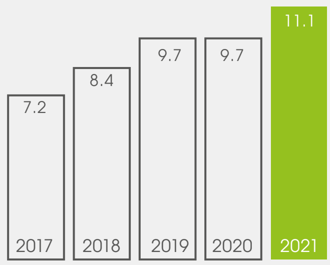
(2020: £60.4m)
+44.0%



Dividend per share

11.1p

(2020: 9.7p)
+14.4%



Non-Financial Highlights

31.1%

Reduction in carbon intensity ratio compared to the prior year

14

Total number of sites awarded Gold RoSPA status in the year

[1] This is an alternative performance measure, the definition of which can be found on page 55 together with a reconciliation to the statutory measure.

Enabling retail
Getting it right now, for the future

Our purpose

Our purpose is to drive our success and the long-term success of our customers through innovation and collaboration with all of our retail partners. We call this 'The Clipper Way.'

Our vision

Our vision is to be global leaders in fully integrated, end-to-end retail and e-commerce logistics. We recognise that logistics is not just a piece of the retail jigsaw; it is the jigsaw. No matter the size or the location of the operation, our flexibility and bespoke approach to logistics allows us to provide the optimum retail solution.

Thought leader
Clipper has a strong brand, long-standing customer relationships and an experienced team, which combine to deliver thought leadership and innovation within the logistics sector. We provide the full end-to-end range of services for e-commerce operations.

Agile and able
We have a flexible, flat organisational structure that gives customers direct access to our senior team. We have experts in warehouse design, system design and testing, project management and implementation, and experienced operational management teams to ensure rapid delivery of effective solutions.

Diverse customer portfolio
Our customer portfolio comprises both large omni-channel operations as well as shared-user sites with growing retailers.

We pride ourselves on being able to operate across the entire retail sector and help start-ups to flourish. We have a growing Life Sciences vertical.

Talented people
We are experts in retail and high value logistics. We have the facilities, the processes, the experience, the fleet and, most importantly, the people to deliver on contracts of all sizes. We see the bigger picture without neglecting the day-to-day detail.

We are enabling retail by focusing on six key areas:

1 Innovation

2 Multi-user capabilities

3 Investing in people and attracting talent

4 Health and safety

5 Environmental, Social and Governance (ESG)

6 Clicklink™ – click and collect, evolved

Read more on pages 18-23 to see how we are working with our partners and responding to rapid change.

Clipper is managed through two distinct operating segments: value-added logistics services (comprising e-fulfilment & returns management services and non e-fulfilment logistics); and commercial vehicles.

Segment and business activity details

E-fulfilment & returns management

This business activity includes the receipt, warehousing, value-added processing, stock management, picking, packing and despatch of products on behalf of customers, to support their online trading activities, as well as a range of ancillary support services, including the management of the returns process for customers. At no time does Clipper take ownership of customers' products. This business activity also includes our Technical Services offering which specialises in reverse logistics for electronics retailers and manufacturers.

Business activity revenue

£420.9m

(2020: £277.0m)
+52.0%

% of Group revenue

Non e-fulfilment

This business activity includes the receipt, warehousing, value-added processing, stock management, picking, packing and distribution of products on behalf of traditional bricks and mortar customers. Clipper does not take ownership of customers' products at any stage.

Business activity revenue

£194.7m

(2020: £143.8m)
+35.4%

% of Group revenue

Commercial vehicles

The commercial vehicles business, Northern Commercials, operates Iveco and Fiat commercial vehicle dealerships from four locations, together with two sub-dealerships. It sells new and used vehicles, provides servicing and repair facilities, and sells parts.

Segment revenue

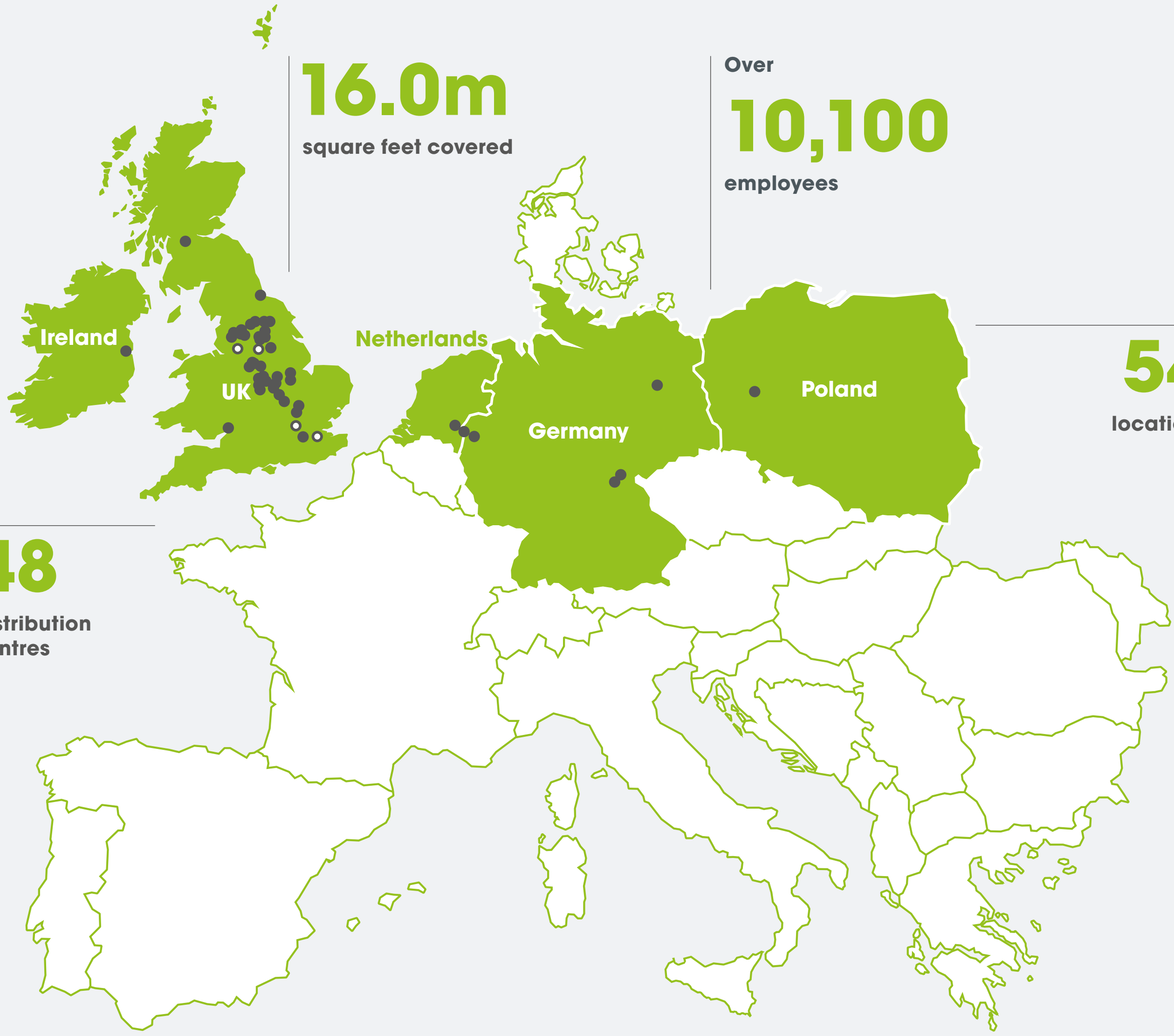
£83.6m

(2020: £82.5m)
+1.4%

% of Group revenue

Note: The amounts and percentages shown indicate the contribution to Group revenue by each business area disregarding inter-segment sales.

● Logistics distribution centres
○ Commercial vehicle sites



16.0m
square feet covered

Over
10,100
employees

54
locations

48
distribution centres

Our investment case

1. Sector focus
- Clipper is focused on the provision of core and value-added logistics services to the retail sector and a growing Life Sciences vertical.
- By being thought leaders in the sector, we identify trends ahead of the curve and develop solutions.

2. Highly attractive presence in online retail
- In the UK e-commerce market, internet sales grew by 13.5% on the previous 12 months ending 31 December 2020, now accounting for 42.9% of total retail sales (source: ONS).
- Our Clicklink™ click and collect joint venture provides a service dedicated to the needs of retailers.

3. Attractive business model
- Value-added consultancy model with strategic level relationships.
- High level of long-term, open book/minimum volume guarantee contracts in UK logistics.
- Highly visible profit and cash flows.

4. Clear growth strategy
- Organic growth in e-commerce-related activities in the UK and Europe.
- Growth of click and collect via Clicklink™.
- Rapidly growing presence in mainland Europe.
- Replication of the business model into new sectors.

5. Strong financial profile
- Attractive working capital profile.
- Operating profit growth coupled with high cash conversion.

Chairman's Statement

"

As Chairman of Clipper Logistics plc, I am pleased to present our financial results for the year ended 30 April 2021."

Steve Parkin
Executive Chairman

Group revenue

£696.2m

2020: £500.7m
+39.1%

I am pleased to report the outstanding performance of the Group for the year ended 30 April 2021. Against an uncertain backdrop, the resilience of our business model has been proven once again. We grew revenue by £195.5 million to £696.2 million, an increase of 39.1% from the prior year. Even more pleasing is the fact that underlying EBIT[1] has grown ahead of sales, having increased to £31.4 million representing growth of 52.4% compared to the prior year.

Driving this growth has been the permanent structural shift to online. Approximately 70% of revenue in our value-added logistics services segment is generated from e-commerce activities. As a business we are very well placed to capitalise on further global growth in the coming years. Our recent contract wins demonstrate that our customers are confident that we are their partner of choice both in and outside of the UK in delivering innovative, sustainable, and resilient value add solutions.

1 This is an alternative performance measure, the definition of which can be found on page 55 together with a reconciliation to the statutory measure.

Our unique service propositions providing full end-to-end e-commerce solutions is what differentiates us from our competitors. This coupled with our highly deployable asset-light model has enabled us to reinforce our pan-European position during the financial year.

To illustrate this, I am pleased to report the opening of our new facility in Venray, Netherlands, adding another territory to our current portfolio and the significant acceleration of our growth in Poland following the expansion of our contract with ASOS and the implementation of a returns solution for Zalando.

We now have over 16.0 million square feet of space under management in over 50 locations in five territories across Europe. The Group is actively pursuing further organic and M&A opportunities in Europe and North America in order to further position the Clipper brand and expertise as a global e-commerce logistics player.

Since the end of the previous financial year, we have worked in conjunction with the Department of Health and Social Care, Royal Mail and eBay to ensure vital PPE and other healthcare ancillaries are where they are most needed. With our partners we have delivered to over 600 hospitals, and some 70,000 other local healthcare providers during the COVID-19 pandemic. I am proud of the contribution that we as a Group have played to support the country during the pandemic.

We have ensured that our workplaces have been safe environments to work in at all times beyond Government guidelines. I would like to personally thank all of our colleagues throughout the business, for their commitment and engagement to ensure that we as a business have played our part in ensuring the continuity of supply chains in all of the sectors we serve.

We have seen our e-fulfilment & returns management revenues grow by 52.0% and our non e-fulfilment activity grow by 35.4%, well ahead of the market and our industry peers which reinforces our positioning as a retail enabler.

Our Technical Services division continues to grow both within the UK and in Europe. Our investment in existing facilities will allow for additional processing capacity.

I am delighted to welcome our new customers, including Mountain Warehouse and JD Sports with whom we are commencing new operations in the financial year ending 30 April 2022. In addition, we have been able to demonstrate the benefit for customers to outsource their supply-chain by joining our shared user operations and are delighted to integrate the River Island site in Milton Keynes into the Clipper network.

Alongside our logistics activity we are pleased to welcome Wippet to the Group. Wippet will launch an online B2B marketplace to service the broader healthcare sector in the UK. This new investment is aligned to the Group's strategic intent to extend its penetration into the Life Sciences sector, which we have previously highlighted as a potential significant growth opportunity for the Group.

These opportunities will drive further EBIT[1] growth in the next financial year.

Group results

Group revenue increased by 39.1% to £696.2 million for the year ended 30 April 2021 (2020: £500.7 million), and our group underlying EBIT[1] (IAS 17 basis) grew by 52.4% to £31.4 million (2020: £20.6 million).

On an IFRS 16 basis our Group EBIT[1] grew by 22.5% to £39.8 million (2020: £32.5 million).

Diluted earnings per share were 20.9 pence for the year ended 30 April 2021 (2020: 15.8 pence), an increase of 32.3%. Basic earnings per share were 21.3 pence (2020: 15.9 pence), an increase of 34.0%.

People and Board

Clipper Logistics plc is led by a very experienced and international management team which has been able to support the growth acceleration in a highly fluid environment.

The team has a proven track record of identifying key trends within our markets to develop and deliver innovative and cost-effective solutions to drive organic growth, and in addition continues to seek strategic acquisitions in new geographies that will further enhance Group performance and shareholder value.

Governance

The executive management team comprises Tony Mannix (Chief Executive Officer), David Hodkin (Chief Financial Officer) and myself, and the Group benefits from the combined experience of Christine Cross (Senior Independent Director), Dino Rocos and Stuart Watson, our Independent Non-Executive Directors. I would like to thank all members of the Board for their invaluable contribution this year.

Dividends

The Board is recommending a final dividend of 7.1 pence per share, making a total dividend in respect of the year ended 30 April 2021 of 11.1 pence (2020: 9.7 pence) in line with our progressive dividend policy.

The proposed final dividend, if approved by shareholders, will be paid on 15 October 2021 to shareholders on the register at the close of business on 17 September 2021.

Outlook

The Group continues to be a leading provider of value-added logistics and e-fulfilment solutions to the retail sector in the UK, and is rapidly growing its operations in Mainland Europe.

Our pipeline of new opportunities remains strong and we expect further momentum with contract wins in the current financial year.

The Group's strong track record of providing innovative solutions, and supporting retailers in driving growth, cost efficiency and excellent customer service has strategically positioned us well to seize further opportunities. Our very agile and entrepreneurial culture has been a significant advantage to support our customers and enable retail.

The structural shift to online during the pandemic with continuing momentum in e-fulfilment post-pandemic together with strategically aligned acquisitions will drive further shareholder value accretion in the future years.

Steve Parkin
Executive Chairman

1 This is an alternative performance measure, the definition of which can be found on page 55 together with a reconciliation to the statutory measure.

Engagement with our stakeholders

This section provides some insight into how the Board engages with our stakeholders, how the decision making process of the Board is impacted by these engagements, and the actions taken as a consequence.

The stakeholders which the Board considers to be key stakeholders of the Group are our employees, customers, suppliers, local communities in which the Group operates and also our shareholders. In all respects, we consider both current and prospective stakeholders.

This section also includes high level detail of stakeholder engagement below Board level. The principles underpinning Section 172(1) of the Companies Act 2006 ("**S.172**") are not something that are only considered at Board level, they are part of our culture. It is embedded in all that we do with the impact on stakeholders being considered as part of business decisions across the Group. This is strengthened by the tone and emphasis set by the Board, filtering down throughout the Group.

Where reference is made to our Principal Risks, further detail can be found on pages 46 to 49.

Employees

What matters to them

- Health, safety and wellbeing.
- Diverse and inclusive workplace.
- Opportunity to reach full potential.
- Fair pay and reward.
- Equity of treatment.

Why we engage

- To ensure that we have a motivated, skilled and technically competent workforce.
- To encourage equal opportunities and diversity amongst the workforce and to ensure that we develop our staff and allow them to realise their full potential.
- To ensure the ongoing focus on health and safety and employee wellbeing.

How we engage at Board level

- Appointment of Dino Rocos as designated workforce Non-Executive Director.
- The Board commissioned a comprehensive review of the reward and benefits strategy to ensure that we remain competitive and attract the best talent.
- Participation and action of issues raised in the Clipper 'Your Voice' survey which is aimed at obtaining staff feedback to improve working practices and working environment.
- Open and regular communication of key business matters and successes.
- The frequency of health and safety reports shared with the Board was increased from monthly to weekly during the pandemic.
- As Government guidelines are updated the Board ensures that appropriate measures are implemented as quickly as possible.
- Active engagement in workforce diversity.
- Launching of a new Wellbeing programme.
- Carrying out a full review and report on the gender pay gap and implementing policies to drive change.
- Granting of the annual Sharesave employee participation programme.

How we engage across the Group

- A dedicated HR team is in place to drive the successes of our employee development programmes including 'Fresh Start' and our graduate training programme.
- We have a dedicated Learning and Development team to ensure staff across the Group have the knowledge and expertise required to perform and to facilitate career progression.
- Working with Intertek, an independent employee helpline is in place for employees and contingent workers to gain support and advice 24 hours a day, 365 days a year.
- All sites have adopted Mental Health First Aiders, and Health and Safety teams have been driving initiatives aligned with mental wellness as a part of the evolved safety framework.
- Regular communication across all channels to support all staff.

Link to our Business Model

See '**Social**' on pages 32 to 39.

Link to our Principal Risks

Risks: 2 (People).

Customers

What matters to them

- Customer service and reliable performance.
- Creating value.
- Being adaptable and flexible.
- Driving cost efficiencies.
- Acting responsibly.

Why we engage

- To develop customer focused solutions.
- To maintain high standards and delivery of KPIs.
- To support our customers' growth aspirations.
- To become the logistics supplier of choice.

How we engage at Board level

- Fostering long-term relationships with our customers by providing innovative 'best-in-class' solutions.
- The Board is made aware of important matters around performance, future requirements and opportunities through monthly CEO and operational reports.
- The Board is encouraging investment into robotics and data analytics to improve efficiencies.
- Entering into short-term property leases in order to secure sites for customers at a time when suitable warehousing is in short supply.
- Reviewing performance and management of customer contracts and corrective action taken if required.
- Reviewing risk assessments to ensure financial resilience and our ability to service all customers.
- Reviewing the impact of the COVID-19 pandemic and Brexit and the likely impact on consumer behaviour.
- Reviewing transport capabilities, strategy and plan for enhancing shared-user and click and collect network.
- Exploring potential consolidation centres to help with the recovery of the high street post pandemic.

How we engage across the Group

- Performance is of key importance to our customers, therefore specific KPI measures are set and agreed with them as a basis for reviewing quality and performance.
- Each customer contract is assigned an appropriate Clipper team to ensure that these KPIs are monitored and measured continually and ensure that standards are maintained at the highest levels.

Link to our Business Model

See '**The Clipper Way**' on pages 14 and 15.

Link to our Principal Risks

Risks: 5 (Customer contract KPIs and competition).

Suppliers

What matters to them
- Fair engagement and payment terms.
- Collaboration.
- Responsible supply chain.
- Sustainable performance.

Why we engage
- To ensure security of supply and high standards of supply.
- To ensure that our supply chain is compliant with legislation such as modern slavery.

How we engage at Board level
- Implementing mechanisms and a framework to ensure our suppliers are responsible and continue to perform at the levels we expect (see pages 42 to 45).
- Ensuring that our obligations in preventing modern slavery and human trafficking within our supply chains are met.
- Ensuring procurement processes are ethical and fair.
- Reviewing supply chain audits and risk mapping processes.

How we engage across the Group
- Our finance function monitors the Group's payment practices in line with Government requirements. We are introducing measures to ensure that our supply decisions meet our sustainability objectives (see pages 42 to 45).
- We hold formal tenders and ensure we engage on fair terms.
- Third party audits of agency labour supply to ensure two-pillar Sedex Members Ethical Trade Audits (SMETA) at all our sites, as well as bespoke three-pillar auditing at those labour agencies we work with (see page 42 to 45).

Link to our Business Model
Our suppliers are linked to every aspect of the Clipper business model, as we would not be able to achieve success without a reliable and robust supply chain.

Link to our Principal Risks
Risks: 4 (ESG focus and increasing requirements) and 6 (Increased regulatory and compliance requirements).

Communities and the environment

What matters to them
- Operational impact and disruption.
- Local employment.
- Economic contribution.
- Environmental protection.

Why we engage
- We are a responsible business and recognise that our impact on local communities influences our ability to grow sustainably.
- We recognise our role within society and ensure that this responsibility is embedded into our culture.

How we engage at Board level
- Implementing policies and measures to limit the impact of our operations on the environment (see pages 26 to 31). We have recently engaged expert advice to assist us on our ESG journey so that this is front and centre in our future strategy.
- Actively seeking ways to reduce emissions and monitor greenhouse gas ("**GHG**") emissions and we are pleased that these have continued to fall year-on-year as a result of initiatives such as LED lighting in our distribution centres (see pages 26 to 31).
- As a responsible business, we consider ourselves an integral part of the communities in which we operate. See pages 40 and 41 for examples of how we encourage a positive impact through facilitating local initiatives.

How we engage across the Group
- Supporting the local communities in which we operate is part of our core values here at Clipper. The year ended 30 April 2021 has seen a series of fund-raising events for worthy causes, such as providing logistics for a local food bank charity. We have continued to support the NHS Supply Chain in distributing PPE to protect staff and patients throughout the care industry in the UK during the COVID-19 pandemic.
- During the year, Clipper has reviewed its energy contracts and we are pleased to report that we now have 23 UK sites sourcing their energy from either 100% renewable sources or net carbon neutral providers.
- We also support local communities in providing employment through apprenticeships, our graduate programmes, and through our Fresh Start programme and work with Tempus Novo, aimed at those who have been traditionally excluded from work.

Link to our Business Model
See '**ESG**' on pages 24 to 45.

Link to our Principal Risks
Risks: 4 (ESG focus and increasing requirements), 6 (Increased regulatory and compliance requirements) and 8 (Climate change).

Shareholders

What matters to them
- Strategy and business model.
- Financial performance and returns.
- Responsible leadership and reputation.
- Sustainable performance.
- Risk management.

Why we engage
- To ensure that our strategy is aligned with the interests of our shareholders.
- To maintain a progressive dividend policy, drive the share price and increase Total Shareholder Return.

How we engage at Board level
- The Executive Chairman, Chief Executive Officer and Chief Financial Officer have responsibility for investor relations.
- Regular meetings are held with analysts and institutional investors throughout the year to discuss progress of the Group.
- We have an annual calendar of roadshows where we meet our investors one-to-one. Our brokers facilitate further engagement with our shareholders.
- Monitoring performance against market consensus and issuing regular updates.
- Consideration and approval of all strategic initiatives to ensure they meet the Group's objectives.
- Consideration and approval of interim and final dividends.
- Via the Annual General Meeting.

How we engage across the Group
- The Group is focused on delivering performance targets as set by the Board which are designed to achieve our overall strategy and driven by key shareholder requirements.
- First and foremost we are focused on delivering an outstanding service to our customers, which in turn promotes success for the Group in terms of financial returns, reputation and long-term growth.

Link to our Business Model
See '**How the value is shared**' on page 15.

Link to our Principal Risks
We understand that all risks faced by the Group are shared with our shareholders, and that a robust risk management system is paramount. Read our '**Risk Management**' section on pages 46 to 49 for further details.

Section 172(1) Statement

In making key decisions, the Board considered the factors specified in Section 172(1) of the Companies Act 2006 in the year ended 30 April 2021.

The Board considered the interests of the Group's employees and other stakeholders such as customers and suppliers, including the impact of its activities on the community, environment and the Group's reputation, when making decisions. The Board, acting fairly between members, and acting in good faith, considers what is most likely to promote the success of the Group for its shareholders in the long-term.

Pursuant to the Companies Act, this information is incorporated by cross-reference in the Governance Report on pages 58 to 90.

The response to the COVID-19 pandemic has been the key area of focus during the year ended 30 April 2021 and the Board has taken a central role in deciding the Group's response. The Board governed with decisiveness, meeting much more frequently and considering the interests of our key stakeholders, engaging with them and ensuring that continuity of service was provided in a safe environment in line with Government best practice guidelines.

The Board considered the impact of the COVID-19 pandemic on our employees and, as a result, re-deployed as many as possible to areas of the business with increased activity. It was the Board's decision to only claim Coronavirus Job Retention Scheme ("**CJRS**") where re-deployment was not possible. Savings were passed on to customers on open book contracts rather than retained within Clipper. The Board had to unfortunately sanction the redundancy of some employees; however, overall, across the Group we have seen a significant net increase in employee headcount.

The Board sanctioned the introduction of flexible working patterns, where possible, for employees who experienced childcare issues during the periods in which schools were closed. The Board also encouraged employees to work from home where possible.

The Board debated and concluded on whether the dividend and bonuses relating to the year ended 30 April 2021 should be paid. A balanced view was taken with the conclusion based on our progressive dividend policy and shareholder requirements, as well as our increased headcount, supplier payment terms returning to normal, deferred income taxes and deferred VAT obligations having now been repaid and CJRS only being claimed when absolutely necessary primarily for the benefit of our customers.

The Board is pleased to report that despite the pressures of operating through the COVID-19 pandemic, we were able to fully comply with health and safety guidelines and ensured that vital supply lines were able to continue operating.

The Board has increased the Group's focus on sustainability and ESG issues which are relevant to our stakeholders and further information can be found on pages 24 to 45.

3.6%

reduction in total carbon emissions (tCO_2e) year-on-year

200,186

total staff training hours (excluding health and safety training)

0

major health and safety incidents reported

1 COVID-19

This year has brought significant challenges to the Group in light of the COVID-19 pandemic, and as a result, the health and safety of our employees and the wider public has been at the forefront of any decision made.

Employees

During periods of nationwide lockdown, Clipper, as a logistics provider, needed to continue to operate, and as such the implementation of safety measures to protect our employees became paramount. We expeditiously implemented all necessary safety measures, including restructuring our facilities to allow space in which staff could operate without close contact. Investment was made in PPE for staff, additional signage, and space management to create one-way systems and segregated working areas. Temporary outdoor shelters were also purchased to increase space ensuring employees could maintain a safe distance at all times. Further measures were also implemented such as staggered shift patterns to minimise contact to help keep our employees safe and working from home where possible. We continue to monitor our employees' safety and wellbeing and update our staff on an ever-changing situation.

As well as providing a safe environment for our employees, we understood that a key concern for many was job security. The inbuilt flexibility of the Clipper business model allowed for staff re-deployment within the business to minimise the risk of job losses. This flexibility also ensures that customers' finances and cash flow are not put under undue strain to allow our customers every opportunity for success.

Customers

With shops being forced to close their doors, we understood that now, our customers would need our help more than ever to retain trade through online fulfilment and our click and collect services. With stringent measures implemented to protect our staff, we were able to continue operating at the high standards expected of us, enabling our customers to continue to trade during a difficult economic period.

Communities and the environment

The announcement of the closure of non-essential retail brought concerns for the whole nation as to how we could return to normal. At Clipper, we wanted to play our part in ensuring that could be done as quickly and effectively as possible. We mobilised an operation within just four days to aid in the supply of PPE to assist the NHS Supply Chain. Since then, we have processed well over 1 billion units of PPE, and set up an online eBay solution to provide equipment to all healthcare providers, GP surgeries, care homes and others across the care network throughout the country.

2 A shift to online

Naturally, as a result of the pandemic, retail has seen a significant shift to online sales as high street doors were forced to close. At Clipper we had to act quickly to support our customers in this fast-changing and challenging retail environment.

Customers
Our business model has been able to show its true ability, agility and flexibility, particularly with our multi-user facilities allowing our customers the flexibility to meet demand. Our diverse portfolio of customers each saw their own challenges, allowing Clipper to step in; offering increased space for rapidly growing online operations, or allowing cost savings for customers with little or no online presence. In addition, our click and collect service through our joint venture with John Lewis (Clicklink™) was able to adapt; offering its services in new locations, including Waitrose stores whilst other high street shops were forced to close.

Suppliers
Our ability to adapt has allowed the Group to continue to trade, which as a result has ensured the impact to our suppliers has been minimised as far as possible through continued activity and fair payment terms.

Shareholders
The Clipper business model with its inbuilt flexibility has proved its worth in these challenging times, allowing the Group to yet again report strong results and continued growth.

3 European expansion

Following an opportunity that arose in the year under review, Clipper is pleased to announce that it has entered into an agreement with Farfetch to provide pan-European e-fulfilment & returns management services from a new facility in Venray, Netherlands. Below highlights some of the points considered by the Board while reviewing this opportunity.

Customers
We have listened to our customers who have told us that they need a logistics solution that works both in the UK and in mainland Europe, without the need for sourcing multiple service providers. This expansion may also provide our existing UK-only customers a further opportunity to expand into mainland Europe, with a ready built logistics solution that works for them. Following the UK's exit from the European Union, this ready built offering could be even more attractive for current and prospective customers.

Suppliers
A new territory will allow for new supplier relationships which may be integrated into the Group-wide supplier network should there be clear benefits identified as a result.

Local communities
The opening of a new site in Venray has created an additional circa 600 new jobs for the local community.

Shareholders
This expansion is forecast to bring further growth to the Group in line with the strategic goal of expansion in continental Europe.

4 Employee opportunities and development

Clipper believes that the recruitment, retention and development of people is fundamental to the ongoing success and growth of the Group. This has led to a number of schemes aimed towards developing our workforce.

Our Fresh Start programme, which brings together a number of our charity partners who represent different minority groups, including Tempus Novo (supporting ex-offenders), Emmaus (supporting the homeless) and Mencap (supporting the disabled). The aim of the programme is to offer employment to people who might otherwise face barriers to work, while also developing their skills and providing every opportunity for success in the future.

Clipper has also partnered with Sheffield Hallam University to develop a bespoke management degree tailored to the specific needs of our organisation and which forms part of the Clipper Management Degree Apprenticeship programme.

Clipper has a whole host of in-house people development programmes, including a full range of NVQ training modules supported by the Apprenticeship Levy, our 'Emerging Leaders' programme to develop people management skills and our 'Agile Leaders' programme to develop our leaders of the future and provide an MBA qualification in the process. The latest programme launched at Clipper is the 'Team Leader to Shift Manager' programme, which is designed to be the next step in developing managers of the future.

Employees
The above schemes are all designed for the benefit of our employees, to ensure an appropriately trained, skilled, diverse and inclusive workforce, central to Clipper's values.

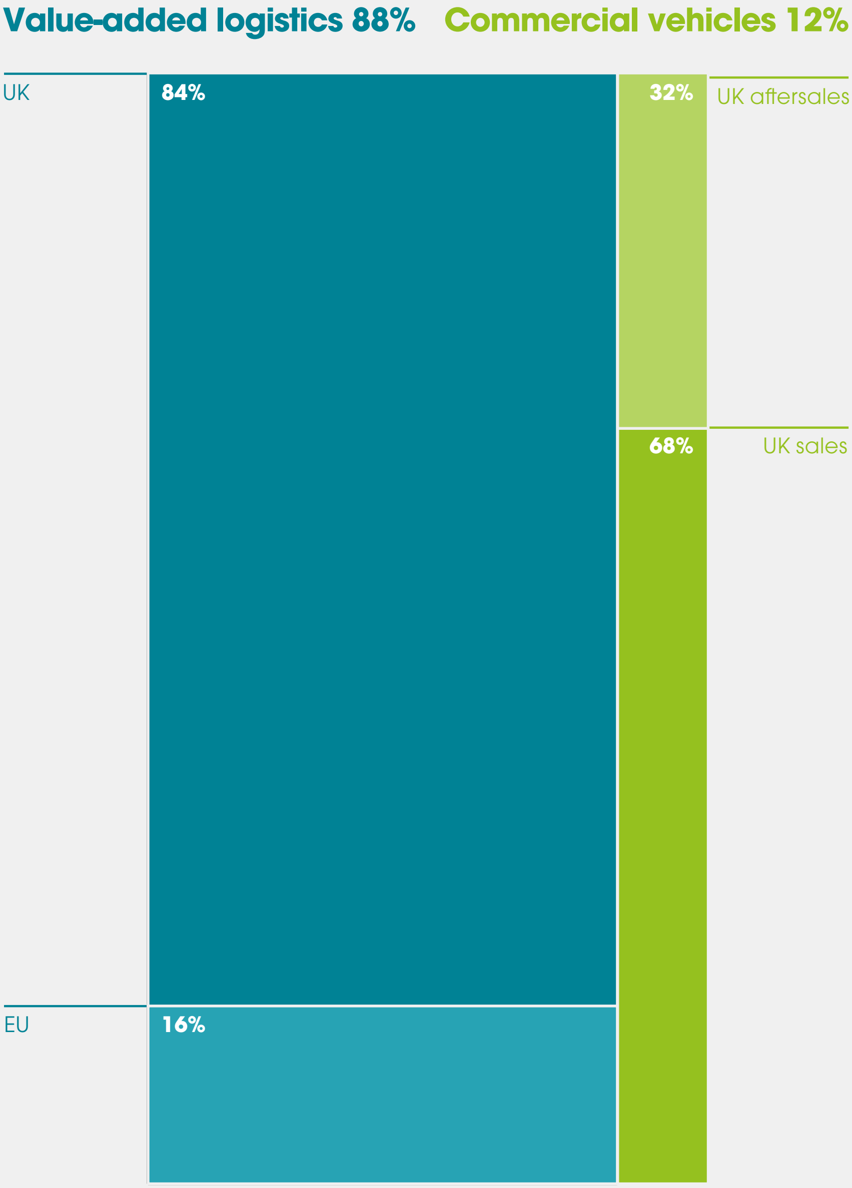
Customers
Having the right workforce with a wide range of skills and experience ultimately benefits our customers by enabling Clipper to provide its 'best-in-class' service.

Suppliers
Sourcing labour from these initiatives ensures that these causes remain funded and able to achieve their intended purposes.

Shareholders
Clipper believes that the success and future growth of the Group relies on a strong, well-skilled and happy workforce to enable implementation of our business strategy and to take advantage of any identified opportunities. Clipper therefore sees its employees as a key investment area to promote success for the Group as a whole and, as a result, our shareholders.

The Group serves markets in the UK and in mainland Europe. 84% of value-added logistics services revenue is generated in the UK

Where we generate our revenue



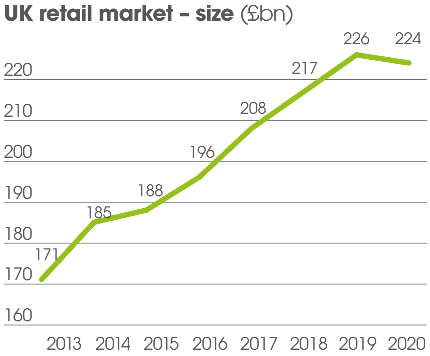
UK Logistics

88.0% of Group revenue is derived from activities within the value-added logistics services segment, of which 84.0% is generated in the UK. We operate across both e-commerce and non e-commerce, in warehousing and transport, and primarily in fashion and general merchandise products.

Size and growth of market
The UK market (excluding food and automotive fuel) was worth £224 billion in 2020, a marginal decline of 1.0% on the previous year (source: ONS). Traditional bricks and mortar retail stores still account for the majority of retail sales in the UK, whilst internet sales are growing at a significantly faster rate.

According to the ONS, internet sales as a proportion of retail sales grew significantly and accounted for 42.9% in 2020, growth of 13.5% from the previous 12 months.

UK retail market – size (£bn)

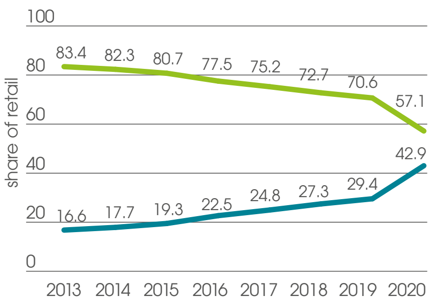


Source: ONS

"E-commerce growth accelerated rapidly; in 2020 online sales accounted for 42.9% of all retail sales." Source: IMRG

"46% of consumers bought items they had not previously bought online." Source: IMRG

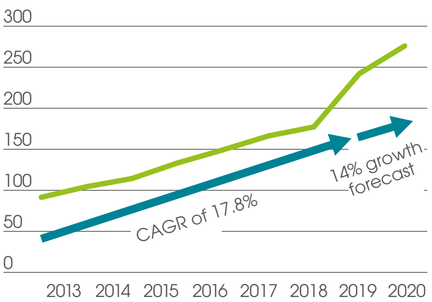
UK retail market – share (%)



Source: ONS

IMRG highlights that the UK's total e-commerce market (which includes food and travel) has grown from £0.8 billion in 2000 to £243 billion in 2020. This equates to 17.8% compound annual growth ("**CAGR**") over an eight year period. IMRG's mid-case forecast for 2021 expects further growth of the e-commerce market by 14%. The Group's strength in end-to-end e-commerce sees the Company well positioned to take advantage of this market growth.

UK e-commerce market (£bn)



Source: IMRG

Recent market trends

COVID-19

The 12 month period ended 30 April 2021 was a year like no other. The COVID-19 pandemic and the resulting retail lockdowns saw online growth surge with perhaps five years' worth of growth in just a matter of months.

Once physical stores reopened, footfall initially remained significantly down year-on-year, as social distancing measures remained in place and some of the changes in consumer behaviour started to become more permanent features of the retail landscape.

Given the various lockdowns through spring/summer 2020 and then winter 2020/21 with physical stores of what were deemed non-essential retailers temporarily closed for many months at a time, this saw a surge in e-commerce sales with increased investments in online capabilities and more consumers experiencing the convenience of online shopping.

The shift to online accelerated and took a significantly larger proportion of the retail market. Quite where the channel shift will rest when normal life resumes remains to be seen but there has been a structural shift online.

Retailers that adopt a flexible omni-channel retail model alongside sustainable fulfilment options are better placed to succeed in the current climate, in our view. Our central expectation is that e-commerce operations will continue to expand both stockholding and footprint within warehouse spaces as retailers look to drive their online participation.

The changing face of the high street

The retail market continued to polarise throughout the year, potentially accelerated by the COVID-19 pandemic. Those retailers with a strong balance sheet and a differentiated customer proposition and multi-channel capabilities fared much better, whereas those retailers with too much capacity in physical bricks and mortar with the incumbent operating costs (rising property costs including rents and business rates and increased operating costs as a percentage of declining store revenues) and limited multi-channel capabilities have seen a tipping point for a number of notable retailer brands.

As a result, UK high street retailers have seen a shake out with a high number of stores closing. Such retailers include Debenhams, Top Shop and the other Arcadia brands, the Edinburgh Woollen Mill stable of brands and Laura Ashley, to name but a few.

A number of these retail brands have re-emerged under new ownership. Such examples include ASOS bringing the Top Shop brand under its umbrella, Boohoo.com acquiring the Dorothy Perkins, Wallis and Burton brands, and M&S acquiring the Jaeger brand from administration. We are seeing some retailers capitalise as the fallout from the high street continues at pace.

The COVID-19 pandemic has accelerated the structural change of the retail landscape. More than 17,500 stores closed in 2020, which was the biggest decline in shop numbers in over a decade. According to data compiled by the Local Data Company, the net fall in store numbers was 9,877 in 2020, after the total number of stores closed was partially offset by 7,665 new openings. The net fall in shop numbers represents almost one in 20 stores in the UK closing during the year.

Online retail
We have highlighted how the high street has faced unprecedented challenges in 2020 while the online channel continues to grow significantly.

Since then, within online, the highest month of growth was January 2021 with year-on-year growth being in excess of 70% compared to the prior year.

IMRG conducted a special analysis to see how 2021 online trading stacks up against 2019 trading, the concept being that 2019 was a 'normal' year and could act as a sensible benchmark to compare against current trading, instead of the unusual year of 2020. May 2021 vs. May 2019 shows a 46% year-on-year uplift, highlighting that demand is certainly still very high in comparison with a 'regular' year. It is worth noting that the whole of 2021 so far would have reported higher year-on-year growth rates when compared with 2019 instead of 2020 (January would be +90%, February: +86%, March: +82%, April: +63%).

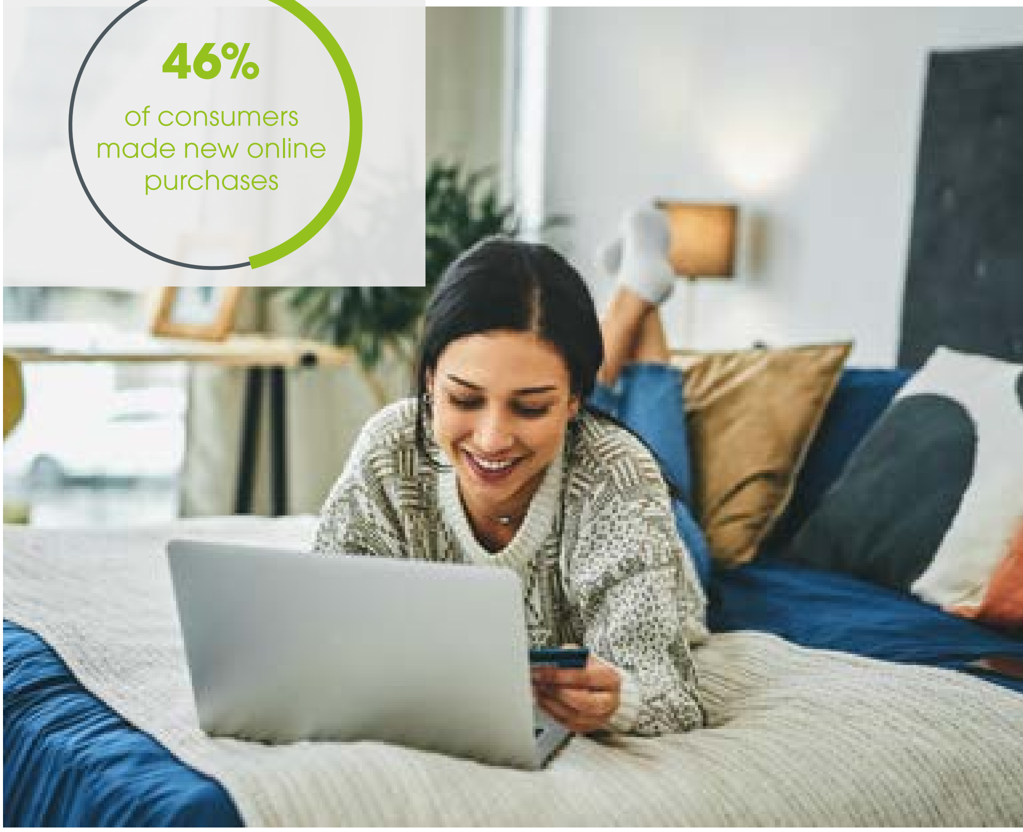
Online retailers have adapted their service propositions into new ways of interacting, including online consultations. Retailers continue to personalise the consumer experience and optimise choice from the comfort of their homes.

Retail Economics research highlights that during lock-down consumers were faced with an entirely new customer journey, ordering products online that they would normally purchase at a physical store. Almost half (46%) of consumers completed a new online purchase that they previously only ever purchased in store. This new wave of online shoppers have overcome some of the typical barriers of setting up online accounts, entering payment details and gaining trust in retailers.

There will be a continued fusion of both physical and digital channels with a renewed focus on repurposing physical bricks and mortar stores in the context of evolving customer journeys.

Brands connecting directly with consumers
Another retail trend that continues to emerge is that many global consumer brands are keen to establish a direct relationship with consumers. The COVID-19 pandemic has if anything accelerated this. Brands such as Nike, Adidas, Samsung and Dyson continue to lead developments in this arena by boosting their online proposition, together with increasing their physical footprints with flagship showrooms, which are as much about brand marketing as showcasing new products. This trend presents potential opportunities for logistics providers to develop new products and services to complement these brands.

46%
of consumers made new online purchases



ESG credentials come to the fore
Consumers are far more conscious of where products are coming from and how they are produced, packed and shipped. There is a rising number of sustainability-focused consumers, with more than three in five now saying environmental impact is one of the most important factors in purchasing decisions. According to Ogilvy Consulting's '2021 Trends Report', 80% of consumers are saying that they are changing their purchase preferences and behaviours based on a brand's environmental impact and 53% of consumers highlighted that they have switched to lesser known brands due to their sustainability credentials.

ESG is becoming a 'right to play' and needs to become business as usual as the new standard that all stakeholders view as they compare companies' commitments and journeys on sustainability issues.
As the Business of Fashion highlights in its '2021 Sustainability Index Report – The Sustainability Gap', what is needed now is real action instead of more unverified claims or vague commitments to sustainability in the fashion industry.

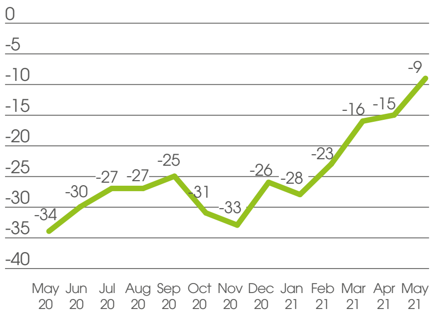
"Retail Economics research highlights that during lockdown consumers were faced with an entirely new customer journey, ordering products online that they would normally purchase at a physical store."

More than three in five consumers say environmental impact is an important factor in purchasing

All companies need to do their bit; stated ambitions must be underpinned by clear processes. As Emma Grant, eBay's Head of Preloved, stated in a press release, "it seems that lockdown has ultimately sped up the transition to a greater sustainability-conscious society".

Consumer spending outlook
One big unknown is how the pandemic will affect consumer confidence longer term. GfK's measure of consumer confidence has been steadily rising as the following chart highlights, but the measure remains negative, improving by six points to rest at -9 in May 2021. In our view, there continues to be uncertainty about the full impact of the pandemic, particularly given the temporary furlough measures put in place by central Government to support employees, in particular in the leisure sector. As the furlough scheme ends this autumn and the full effects on the wider economy unfold it will be interesting to watch how this impacts personal finances and households' propensity to spend. The full impact and fallout from the pandemic are potentially yet to be felt.

Consumer spending outlook (%)



Source: GfK Consumer Confidence Barometer (May 2021)

Cost pressures and Brexit
Given the changing retail landscape we have seen more retailers focus on their operating costs, in particular property costs, staffing costs and distribution costs. This has played to the Clipper theme of shared-user facilities where retailers can flex their space and cost requirements with other retailers as volumes shift. Recent contract wins include Joules where we took over their full end-to-end supply chain across e-commerce, stores and wholesale channel. A further example is the recent River Island contract win, where they outsourced their distribution operations across e-commerce and store channels for the first time in history and chose Clipper as their partner.

Following the UK's exit from the EU in January 2020 and the end of the transition period 12 months later, retailers continue to re-think their supply chains, ensuring continuity of operations and mitigating future risks of supply. Brexit presents an opportunity for retailers to keep stock more locally either in the UK or in mainland Europe to ensure continuity of supply.

"Following the UK's exit from the EU, retailers continue to re-think their supply chains, ensuring continuity of operations and mitigating future risks of supply."

Clipper delivers a broad range of value-added logistics services tailored to the emerging and future needs of our customers.

Key inputs

Thought leadership and innovation
Clipper has a strong brand, long-standing customer relationships and an experienced team, which combine to deliver thought leadership and innovation in the logistics sector.

Enduring relationships
Clipper's focus on the provision of value-added services to retailers at a competitive cost has resulted in a number of long-standing contractual arrangements with major retailers such as Asda, ASOS, John Lewis, Morrisons and Superdry.

Technologically advanced
We work in trusted partnership with our customers to develop and rapidly deploy solutions to the challenges they face. Our team is focused on addressing tomorrow's challenges today and embraces new technology.

Effective financial management
We seek to efficiently use funds obtained through financing or generated from operations or investments. A high degree of contractual certainty underpins financial predictability and stability.

The Clipper Way…

…is how we approach all customer briefs. It translates instinct into action and brings clarity and consistency to the way we work. It's a straightforward, insightful and effective approach, and our people are recognised and rewarded for their ability to apply and demonstrate 'The Clipper Way' in every area of our operation.

1 Opportunity
How can we help?

2 Exploration
We analyse and identify the customer's business challenges

3 Solution planning
We design a high quality, cost-effective solution

4 Implementation
We create and implement a bespoke logistics solution

Improve
- Business performance improvement and implementation
- Win/win analysis

Revise
- Identify actions
- Process improvements
- Reporting and analysis

Review
- Daily/monthly/annually

Underpinned by our values

Agility

Ability

Credibility

How we create value

High level contractual certainty
Clipper provides customers with services. We operate open book or minimum volume guarantee contract terms for 93% of our UK logistics customers, giving us a high level of contractual certainty.

Commercial vehicle dealerships
In addition, our commercial vehicles division is profitable and cash generative – its profitability driven by higher margin aftersales activity, which is underpinned by legal requirements governing the inspection of commercial vehicles.

Mutually beneficial long-term relationships
We also operate closed book contracts for customers, many of whom we have worked with for several years.

Fleet procurement benefits
Whilst our commercial vehicles division is not heavily dependent on the logistics division, it provides the Group with flexibility over fleet procurement, and margins on servicing activity are retained within the Group.

Talent and expertise
In order to ensure long-term customer relationships, we continually draw on our team's expertise to drive innovation in our operations. This enables us to retain our cost competitive position and continue to strengthen our brand.

Innovative solutions
Clipper has developed specialist services (e.g. pre-retailing services and reprocessing of garments) to support our customers in their ever-complex supply chains and to ensure that product is ready for sale in the most efficient and cost-effective manner.

As the retail landscape changes to become more omni-channel focused, developing innovative solutions such as Clicklink™ and Boomerang™ to support our customers has led to Clipper retaining customers on a long-term basis as well as winning new business every year.

How the value is shared

Shareholders
High growth market sectors, an attractive business model and a clear growth strategy combine to give operating profit growth and good cash conversion, resulting in dividend distributions of circa 50.9% in the year ended 30 April 2021.

Employees
Over 10,100 employees have access to attractive career progression in a market-leading logistics business. The Sharesave Plan enables employees to share in the financial success of the Group.

Customers
Customers in logistics and commercial vehicles can rely on Clipper's established reputation and high levels of service, particularly when they need it most through peak trading periods.

Suppliers
Clipper benefits from its relationships, built over many years, with large and small trusted partners and suppliers. Clipper's diverse supply base de-risks Clipper and its customers from fluctuations in market conditions.

Communities
Clipper's ESG agenda benefits local communities by providing employment opportunities, reinvesting in the local communities through sponsorship, and developing green initiatives.

Build on market-leading customer proposition to expand the customer base

How will this be achieved?

Through a continued focus on the provision of bespoke, retail-specific logistics solutions, including retail store support and high value product logistics, but with particular focus on the e-fulfilment & returns management services segment of the retail market.

By utilising Clipper's 'best-in-class' offering and extensive implementation expertise to capitalise on the long-term structural growth within the online retail market and the increasing logistical complexities therein.

Through our shared-user facilities offering retailers flexibility around space requirements as volumes shift.

By taking advantage of growth opportunities in the retail logistics sector, where there is the opportunity to provide innovative solutions to customers that are also profitable for the Group.

Performance

The full year benefit was realised from contracts that went live during the previous year with Amara Living, Hope & Ivy, Joules, N Brown, Simba Sleep and The Very Group.

New contracts went live in the year ended 30 April 2021 with Revolution Beauty, T.M.Lewin, River Island, Linenbundle and H&M.

Further details of the above contract wins can be found in the Operating and Financial Review on pages 50 to 55.

Clipper has been shortlisted for both the Company of the Year Award and Innovation in Technology Award at the plc awards as well as winning Best Health, Safety and Wellbeing Initiative at the Talent in Logistics Awards during the year.

What's next?

We will see the full year benefit from new contracts won in the year ended 30 April 2021, such as Revolution Beauty, T.M.Lewin, River Island, Linenbundle and H&M, and commencement of new activities for JD Sports and Mountain Warehouse.

Clipper has an extensive potential customer pipeline and will continue to work with these prospects to secure further new contract wins. We are also expected to capitalise on new customer pipelines within mainland Europe during the year ending 30 April 2022.

Develop new, complementary products and services

How will this be achieved?

Through continued investment in new product and service offerings which will be value-enhancing to Clipper's existing and future customer base.

By taking advantage of new opportunities, such as expansion into the Life Sciences vertical.

By continuing to invest in automation and robotics within our current network to increase volume capacity and address peak challenges.

Performance

Clipper is supporting existing customers through 'innovation change programmes' to understand their property, operational and system requirements, to meet their future business needs. The continued growth of e-commerce creates a greater challenge on labour availability; Clipper's strategy is to introduce further automation into its network to address peak labour challenges, and align to year-on-year increases in volumes.

We are creating the ability to expand our UK Technical Services activities via the growth of our current operation and by targeted potential acquisitions in Europe.

In collaboration with our joint venture partner we are supporting, through Clicklink™, the opportunity for retail brands to utilise Waitrose stores as a collection location for their customers ordering online for click and collect; Boden and Sweaty Betty are now utilising this service with more clients scheduled to go live prior to peak 2021.

Further details of the above projects can be found in the Operating and Financial Review on pages 50 to 55.

What's next?

Clipper is set to expand its presence in the Life Sciences vertical through the new acquisition of Wippet, an online B2B marketplace targeting buyers from the fragmented elderly care market.

Our Technical Services activities in Europe are set to significantly increase both in technical scope and capabilities over the coming 12 months.

Clicklink™ is further expanding its Waitrose Collect opportunity, adding more customers in the year ending 30 April 2022.

Continue European expansion and explore acquisition opportunities

How will this be achieved?

Through the development of Clipper's operations in Germany, Poland and our new operation in the Netherlands, which consist of retail logistics and transport solutions with a significant and growing element of e-fulfilment & returns management.

By utilising its existing expertise in e-fulfilment in the more developed UK online retail market, to assist both mainland European retailers to move online and UK retailers to expand into Europe – the latter further underpinned by Clipper's strong customer relationships and reputation with UK retailers (both pure-play e-retailers and multi-channel high street retailers).

By considering further acquisitions which are considered value-enhancing to the Group's shareholders through market penetration and/or service lines and where the Group can use its existing expertise, implementation and delivery platform, scale and reach to generate synergies and increase profitability, while expanding the Group within Europe and the UK.

By considering bolt-on acquisitions which provide a platform for it to take its core technical expertise into new, adjacent markets.

Performance

During the year, Clipper commenced a new operation in the Netherlands, initially to support Farfetch with its European expansion ambitions, with more customers set to be added in the year ending 30 April 2022.

We explored a number of other potential acquisitions during the year that were not pursued following our internal due diligence processes with some further targets being identified which are currently in progress.

Further details of the above contract enhancements can be found in the Operating and Financial Review on pages 50 to 55.

What's next?

The full year impact of our new operation in the Netherlands will be seen in the year ending April 2022, with further growth anticipated in future years.

Our Poland facility in Poznan is expected to see significant growth in the year ending April 2022 following a three year extension to the ASOS contract as it aims to consolidate its returns facilities in mainland Europe. This is expected to see headcount at this facility double from 350 full-time equivalents to 700.

Shortly after the year end, Clipper announced the acquisition of Wippet, an online B2B platform servicing the elderly care market, with operations set to commence later in the year ending April 2022.

Clipper continues to seek opportunities with new and existing customers in both the UK and Europe and also continues to explore acquisition opportunities that enhance shareholder value.

Drive environmental and social change

How will this be achieved?

Through ESG initiatives driven by a top down approach, from Board level to all areas of the Group, by identifying areas of potential improvement and driving the way to change.

Continued development of current employees and employment initiatives such as Fresh Start, the Clipper Degree and our graduate training programme, along with all of our internal development programmes including our Emerging and Agile Leaders programmes and the various Technical Training Apprenticeships.

By investing in green initiatives such as sourcing more of our energy from providers who use 100% renewable sources or are net carbon neutral. Investing for a future of alternative fuel or electric vehicles to reduce emissions, and reducing non-recyclable waste and packaging where possible.

By supporting the local communities in which we operate through charity work and creating employment to help the community thrive.

Performance

In the year ended 30 April 2021, Clipper invested over £1.0 million in training and development of our employees and delivered over 200,000 hours of training for staff which represents over 20 hours for every colleague in the business.

Clipper was awarded Best Health, Safety and Wellbeing Initiative in the 2020 Talent in Logistics Awards in recognition of a successful implementation of our bespoke Health and Safety Framework.

The Group has improved its carbon efficiency from 83.4 tonnes of CO_2e per £million of revenue (tCO_2e/£m) in the year ended 30 April 2020 to just 57.5 tCO_2e/£m in the year under review. This was achieved through a combination of factors including a reduction in diesel usage and an increase in the more environmentally friendly LNG and CNG vehicles.

Recycling of waste materials increased 120.4% in the year under review when compared with the year ended 30 April 2020, and the Group now has five sites which operate a zero waste to landfill policy.

Further details on our Environmental and Social policies and performance measures can be found on pages 24 to 45.

What's next?

Clipper will continue to invest in the development of our people.

We have recruited a further 42 Degree apprentices for our 2021/22 intake in collaboration with Sheffield Hallam University. Students will be completing either a Chartered Management Degree Apprenticeship or a Supply Chain Leadership Degree Apprenticeship while gaining valuable experience at work with Clipper.

The Group has appointed a Head of Sustainability to further drive change and ensure continued improvement in our environmental impact in the year ending 30 April 2022 and beyond.

Our transport operation has recently implemented a new Telematics Management System to enable improvements to be made to the monitoring of emissions and route planning to improve efficiencies.

1 Innovation

Now more than ever, the retail industry is looking ahead to the future to build resilience, improving cost-to-serve, and supporting growth and scale in the medium to long term. However, this can be hindered by the challenge of financial investment.

Therefore, retailers need logistics partners that can provide infrastructure, support and knowledge to create cognitive supply chains that use data to deliver lower cost-to-serve and improve customer experience. This will enable simpler, faster processes and enable data to be transformed into insightful information.

Industry reports indicate less than 25% of supply chain data is currently analysed within the industry

<25%

Case study

Automation

At Clipper, our overall aim is to focus on flexible automation, which can be deployed to reduce cost for our customers, without large project implementation costs and high levels of capex.

Examples include the use of Hikrobots and high productivity racking which handles the entire picking and put-away of womenswear for Superdry; the Autoboxer on the Wilko's contract which has automated the packaging, labelling and destination sortation for 85% of online orders; and automated sorters and conveyors for our John Lewis ADC operation which has simplified and increased processing speeds.

Clipper is also currently working with the University of Leeds on a technology project that looks at the opportunity to turn more data into insights, which will help retailers make more robust decisions, faster. This is aimed at significantly improving the level of analysis conducted on supply chain data, which is currently less than 25%.

Our unique approach

Clipper prides itself on building long-term business relationships founded on genuine knowledge and trust. We have a wealth of knowledge and experience in a range of sectors and do not believe in a 'one size fits all' model. Our unique approach means that we can be as involved as a customer needs us to be.

Clipper is able to provide the support for any sized customer and seeks opportunities for greater collaboration. We also have the ability to deal with both e-commerce and traditional 'bricks and mortar' customers through our multi-user capabilities. This allows us to scale operations up or down to suit the needs of the retailers, whilst providing flexibility and enabling cost savings. We also have the ability to provide pan-European solutions.

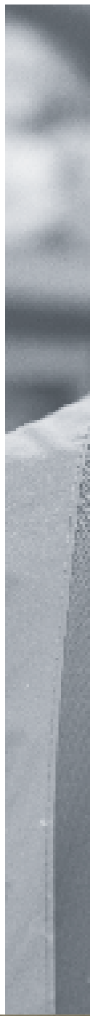
We do not believe in a 'one size fits all' model

50% of UK retailers do not currently have any e-commerce capabilities

50%

2 Multi-user capabilities

The accelerated shift to online business has forced retailers to bring forward their long-term digital planning to address both the challenge and opportunity. Whilst digital transformation is a priority, it is estimated that 50% of UK retailers do not currently have any e-commerce capabilities.
The other 50% that do have the capabilities face the risk of rising complexity, driven by an increase in online orders, home delivery and click and collect. Combined with the financial restraints currently facing many retailers and the lack of granular understanding of the cost-to-serve, the importance of closer strategic third party partnerships has never been greater.



Case study

Fresh Start

Clipper has responded with a forward-thinking solution to both employ, develop and retain talent within the business. We have an evolved in-house talent team that solely focuses on recruiting at all operational and functional levels of the business. Not only do we hire top talent, but we nurture that talent through a comprehensive suite of learning and development programmes available at all levels from colleague to senior executive management.

Social For more information please see pages 32 to 45.

Additionally, we recognise that promoting diversity is important to long-term success. That is why Clipper launched the Fresh Start campaign in 2018. This has enabled us to work with various partners such as Tempus Novo and Mencap to both increase and enhance the talent pool and also offer a greater number of employment opportunities within the community.

Clipper recognises the importance of growing and retaining talent; making strategic investments in talent now will position us for long-term growth.

> "Clipper developed Team Clipper to demonstrate its commitment to recruiting, developing and nurturing the best talent

3 Investing in people and attracting talent

Supply chain centric businesses require specific skills and capabilities. As new technology, such as automation and digitalisation, become the norm, the future of supply chains will require increased knowledge and capabilities. As such, this increases the competition for top talent within the logistics sector.

4 Health and safety

COVID-19 has significantly impacted the world as we know it, not least the supply chain industry. Whilst shops were shut, and retailers were able to plan and manage their approach to reopening, supply chains linked to online retailers had to adapt on the go and at pace. The primary focus among retailers and their third party logistics providers was the health and safety of colleagues within warehousing and logistics spaces, whilst ensuring operations remained open.

2020 Talent in Logistics Award for Best Health, Safety and Wellbeing Initiative

Case study

COVID-19

Clipper recognised early on that if we did not do things safely, we were not going to do anything at all. Financial returns are important, but so too are our staff, colleagues, customers and wider stakeholders. Their safety is paramount to the success of the business.

Clipper quickly put control measure in place to ensure health and safety of colleagues on site including:

- Social distancing measures
- One-way systems
- Adjusted and flexible working hours
- Provision of appropriate PPE to all staff

Clipper strove to maintain productivity, efficiency and service levels, living up to our ethos of ability and agility and maintaining customer service promises, whilst protecting our colleagues at all times.

Through dedication and hard work at all of our sites, in October 2020, Clipper was awarded the Best Health, Safety and Wellbeing Initiative award at the 2020 Talent in Logistics Awards. This was recognition for the successful implementation of the Clipper H&S framework and ability to manage the COVID-19 challenges. Additionally, various Clipper sites were awarded the RoSPA Gold Award for our health and safety performance during the year ended 31 December 2020, which had a significant focus on Clipper's response to the COVID-19 pandemic.

5 Environmental, Social and Governance (ESG)

Prior to the COVID-19 pandemic, the ESG agenda was high on the priority list of stakeholders. However, the impact of the pandemic has hastened its importance. For fashion retailers specifically, COVID-19 has us rethinking notions of seasonality. Going forward we expect to see changes to seasonality as retailers face the prospect of excess stock challenges, as well as agile and multi-sourcing, and reduced choices for consumers.

Sustainability, diversity, human rights, consumer protection and animal welfare are all topics that are influencing consumer brands; not only through end-user products, but the methods by which the products are sourced, packaged and delivered. We all, therefore, need to act for a sustainable future.

We have committed to continuing to work with our industry partners and the Government to drive the Green Agenda and change within the industry.

Ethical business

Clipper recognises the importance of sustainability and diversity and is committed to conducting business ethically, responsibly and in compliance with all laws and regulations. As a business, we place paramount importance on ensuring our customers and suppliers treat their ethical obligations with as much importance as we do. Clipper is a member of the Good Business Charter to underpin our commitment.

Clipper is also committed to limiting the impact that our operations have on the environment. At 30 April 2021, Clipper was using 28 alternative fuelled vehicles which will deliver savings of circa 750 tonnes of CO_2 per annum. Our fleet operations team is also working towards biomethane being a preferred fuel type for our vehicles, moving away from diesel where we can.

Case study

Streamlined returns

Integrating Clicklink™ with Boomerang™ offers customers the convenience of click and collect and easy returns, while providing retailers with a proven returns-management process that releases working capital and gets stock back into inventory quickly.

Integration benefits:

- Reduced handling
- Reduced transportation costs
- Pick from returns flow for improved stock availability
- Split orders can be consolidated
- Brand protection – improved customer service

How it works

All returned goods are scanned into secure cages, collected daily, tracked through the Clicklink™ network and processed through a Boomerang™ returns centre. In-demand items are fast-tracked to repack fulfilment stations before delivery next day to either the customer's, or a Clicklink™ managed, click and collect network. This bypasses slow and expensive stock movements and warehouse replenishment systems.

www.clippergroup.co.uk/wp-content/uploads/2021/02/Clicklink.-World-class-Click-Collect-Brochure.pdf

6

Clicklink™ – click and collect, evolved

We all love the convenience of click and collect, for both retailers and consumers. But as times change and customers demand more, standard parcel delivery services no longer cut it. With Clicklink™, we offer a world-class click and collect service. It is a fast, integrated solution that is simpler for retailers and better for customers, helping retailers stay relevant in a rapidly evolving market.

- Dedicated B2B solution created specifically for retailers' needs.
- Next day delivery available across entire SKU range.
- Integrated tracking with real-time progress updates for retailers and customers.
- Sealed cage delivery with quick, efficient receiving; no scanning every package.
- Both flat and hanging capabilities so that products arrive in pristine condition, ready to sell.
- Rapid integrated returns which turn stock faster, free up capital and maximise sales.
- Improved sustainability; reduced road miles and retail-ready products for less waste.

"The past year has clearly shown us the importance of protecting and investing in our people as well as the need to continue efforts to respect the natural boundaries of the planet and its resources."

Tony Mannix
Chief Executive Officer

By prioritising key environmental and social considerations in our day-to-day operations, Clipper is well placed to partner with our customers on their journey to boost efficiencies and reduce the environmental impact of warehousing and logistics.

"We have prioritised ESG through our ESG remuneration initiative, building strong controls for responsible business practices, and the establishment of further ESG governance structures."

Christine Cross
Senior Independent Non-Executive Director
ESG Champion, Clipper Logistics plc Board

In the year ending 30 April 2022 we will continue our journey to integrate ESG through our operations and risk management systems, guided by our values and 'Team Clipper' culture.

ESG and 'The Clipper Way'

Creating sustainable value for our customers and stakeholders

ESG is not just about compliance and operating responsibly, it is business as usual for Clipper. We see ESG as part of how we effectively engage with our stakeholders and manage risk, as well as seize opportunities to develop new services and partnerships with customers.

ESG is also about how we respond to the world around us – through agility and adaptability, we are able to address the changing environmental and social trends and be able to meet the demands of both our customers and other stakeholders as well as driving positive change within the industry.

Operating responsibly

Clipper Logistics recognises the importance of environmental protection and is committed to conducting business ethically, responsibly and in compliance with laws, regulations and codes of practice applicable to our business activities.

We are committed to responsible business practices, including health and safety ("**H&S**"), ethical procurement, data security and statutory reporting on modern slavery and the gender pay gap.

This is evidenced through our Royal Society for the Prevention of Accidents ("**RoSPA**") accreditation and ethical procurement policies in place.

We continue to build on a foundation of programmes and policies such as whistleblowing, anti-corruption and anti-bribery, which is further detailed at page 69 in our Governance Report.

Our values and culture

Values define a brand and lie at the core of everything the business does. At the heart of operating responsibly is Clipper's value of Integrity.

We have a one team culture, 'Team Clipper,' and all work towards shared goals.

As we continue this work, our short-term future aim is to enhance our spirit and culture around sustainability and further engage at all levels of the business.

Rewarding ESG performance

As part of the Group's drive to improve our impact on the environment on a day-to-day basis, ESG personal objectives now form part of the annual bonus plan, and the Board introduced an ESG scorecard in the latest Performance Share Plan grant. These are weighted at 25% of the total award with measurable targets set in relation to reductions in greenhouse gas emissions, and retention under the Fresh Start programme.

These are detailed at page 74 of the Directors' Remuneration Report. The targets are over a three year performance period ending 30 April 2024. Progress towards achieving these targets will be continuously monitored by the Group Board.

Key achievements in the year ended 30 April 2021

During the year, the Group introduced an ESG Steering Committee, as well as an ESG Board Champion to initiate the ESG conversation and lead the agenda from the top.

Other achievements in the year:

- Renewable energy and further greening of fleet
- COVID-19 response
- Fresh Start programme enhancements and partnerships with local and national organisations

ESG journey ahead

As we move into the next 12 months, we will continue our ESG momentum and build sustainability and climate resilience into our risk management approach and ensure we have meaningful stakeholder engagement.

We as a Group will be further investing in our in-house sustainability and ESG expertise as well as developing our ESG strategy.

We will use third party experts where necessary to develop and enhance our ESG strategy.

We will further explore partnerships with our customers to integrate sustainability and efficiency into our core business offering.

ESG and responsible business governance and accountability

Clipper Logistics plc Board – ESG Board Champion

SMT ESG Steering Committee (ESG strategy)
Audit Committee (ESG risk)
Remuneration Committee (ESG-linked remuneration)

Implementing ESG: People/HR, Fleet, IT, H&S, Finance, Site Management

Environmental

Policy

At Clipper, we are committed to limiting the impact that our operations have on the environment. Combatting climate change is a priority for the Group as well as our key stakeholders and society as a whole.

Some of the steps we are taking to reduce our impact on the environment include:

- carbon and energy management – continuing our carbon management project to reduce energy consumption and emissions of greenhouse gases ("**GHGs**") from our warehouses across the UK and Europe;
- greening the fleet – investigating fuel use, route planning, optimum vehicle design and regular fleet renewal;
- boosting the circular economy – through our Technical Services offering we refurbish white and electrical goods to keep valuable resources in circulation for longer; and
- reducing waste packaging – conscientiously purchasing raw materials and choosing recyclable products where possible and minimising waste through our compacting process and reusing materials.

Carbon and energy management

Our business model and overall strategy address the significance of the environment and sustainability as well as how Clipper can both mitigate the risk and take advantage of any opportunities that may arise.

Approach

The Group actively records energy and fuel use for managed supplies, which includes all supplies that are wholly or partially managed at sites operated by a Clipper team. An operational control approach has been taken for the carbon intensity calculation shown overleaf.

Energy sources and fuels consumed giving rise to GHG emissions include:

- fleet fuels (namely diesel, LNG or CNG);
- utilities for buildings across the Group (electricity, natural gas and heating oil); and
- refrigerant emissions from air conditioning units.

The volumes of energy consumed are taken from the physical invoices received from our suppliers. Supplier-provided electricity and gas meter readings are checked against the in-house meters by our central Finance team to ensure that the reported consumptions are accurate.

Where the data was not available to determine our electricity and gas energy consumption, the total energy consumption per square foot of a similar sized building was used to determine the energy consumed.

The Group uses the average monthly price per litre to convert the diesel fuel, heating oil and vehicle fuel costs into litres of fuel used.

The consumed energy volumes, in terms of kWh for gas and electricity used, as well as the total consumed figures for litres of each fuel type used, are then converted into tonnes of CO_2 equivalent ("**tCO_2e**") using the relevant UK Government GHG Conversion Factors for Company Reporting from the Department for Business, Energy & Industrial Strategy ("**Conversion Factors**"). Direct consumption of fuels for fleet and heating are accounted for as Scope 1 emissions, and indirect emissions from consumed electricity are included as Scope 2 emissions. Scope 2 emissions are reported using both the location based method and the markets based method. The location based method uses the average UK grid electricity generated emissions factor (which has been included within the table overleaf). The market based method reflects emissions from specific contractual instruments with our energy providers.

For the first time this year, as we look to commit to reducing our environmental impact, we are reporting emissions resulting from our business travel for the year ended 30 April 2021. This consists of air and land (road and rail). The total air and road (relating to car hire) kilometres travelled are obtained from supplier invoices and received directly. Rail travel and other road kilometres travelled data are obtained through our expenses system. Kilometres travelled are converted into tCO_2e using relevant 2020 Conversion Factors. All air travel during the year was in economy class. Emissions as a result of business travel are included within our Scope 3 emissions.

Progress in the year ended April 2021

Our carbon intensity is defined as total Scope 1 and Scope 2 carbon emissions from managed supplies per unit of revenue.

Our carbon intensity ratio for the year ended 30 April 2021 was 57.5 tCO_2e per £m revenue. This is a decrease from the prior year.

In the table overleaf, our Scope 1 fuel sources are split between Non-Transport and Transport. Non-Transport fuel sources include natural gas from the use of gas boilers, and heating oil used within our site locations as well as refrigerant emissions from our UK locations.

Transport Scope 1 refers specifically to diesel, LNG and CNG fuel usage within our Group fleet.

Overall, in the year ended 30 April 2021, Scope 1 emissions were 30.3 million tCO_2e, which is a decrease of 6.9% compared with the year ended 30 April 2020.

Analysed further, the overall decrease is driven by Transport Scope 1 emissions. Emissions from Transport have reduced to 24.2 million from 29.1 million tCO_2e. This is mainly as a result of a reduction in diesel use within our fleet. The COVID-19 pandemic had an impact at the beginning of the financial year, with high street shops in the UK and across Europe closing, which as a result reduced the distance travelled by our transportation fleet, hence a lower volume of diesel.

The reduction in diesel was also impacted, but to a smaller extent, by the use of LNG and CNG vehicles compared with diesel fuelled vehicles. Because of the increased use of non-diesel fuel types, we have seen our emissions from LNG and CNG increase by 340.5% compared with the prior year.

Offsetting this decrease is an increase in Non-Transport Scope 1 emissions from 3.5 million to 6.1 million tCO_2e. This is mainly due to the increase in the number of sites within the Clipper network, as well as increased activities at existing sites within the UK during the year, where we have seen a large increase in natural gas usage through our gas boiler systems.

Environmental, Social and Governance (ESG) Report

Environmental continued

Total emissions

Emissions (tCO_2e)	Year ended 30 April 2021 '000	Year ended 30 April 2020 '000	Year ended 30 April 2019 '000
Scope 1:			
Non-Transport			
– Non-refrigerant	**6,060**	3,479	3,501
– Refrigerant	**10**	–	–
Transport	**24,226**	29,076	30,034
Total Scope 1	**30,296**	32,555	33,535
Total Scope 2	**9,703**	9,205	7,994
Total Emissions	**39,999**	41,760	41,529
Total Revenue	**696,201**	500,671	460,171
Carbon intensity (tCO_2e/£m)	**57.5**	83.4	90.2
Scope 3:			
– Business travel (Air)	**2**	N/A	N/A
– Business travel (Land)	**247**	N/A	N/A
Total Scope 3	**249**	N/A	N/A
Total Scope 1, 2 & 3 emissions	**40,248**	41,760	41,529

Total global energy use for the year ended 30 April 2021 was 174.8 million kWh (year ended 30 April 2020: 171.6 million kWh).

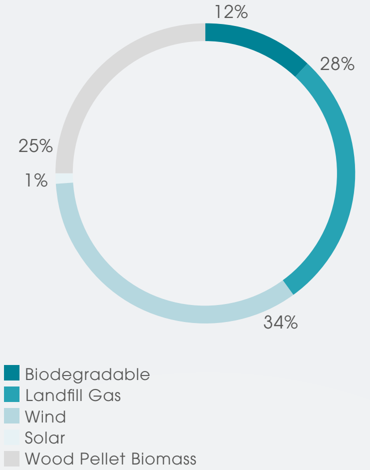
Emissions by geographical location

Emissions (tCO_2e)	Year ended 30 April 2021 '000	Year ended 30 April 2020 '000	Year ended 30 April 2019 '000
Scope 1:			
United Kingdom	**26,255**	28,405	29,509
Germany	**3,909**	4,066	3,954
Poland	**132**	84	73
Total Scope 1	**30,296**	32,555	33,535
Scope 2:			
United Kingdom	**7,294**	7,311	6,995
Germany	**2,171**	1,602	837
Poland	**238**	292	162
Total Scope 2	**9,703**	9,205	7,994
Total Scope 3	**249**	N/A	N/A
Total Emissions	**40,248**	41,760	41,529

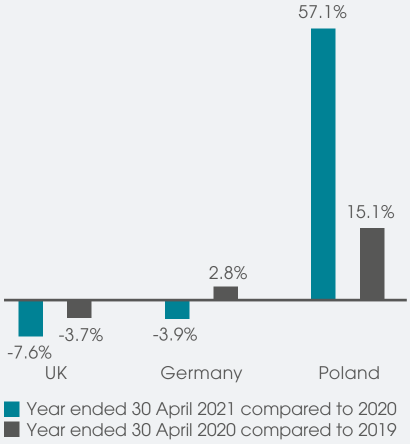
Initiatives during the year ended 30 April 2021 implemented to reduce our impact on the environment included:

- installation of LED lighting at our Selby site;
- engaging an energy provider for 23 UK sites that utilises 100% renewable energy (see chart on this page for the current fuel provider mix);
- increasing the amount of recycling carried across all sites and reducing our landfill waste; and
- installation of lighting sensors in multiple sites ensuring lighting is only utilised when required.

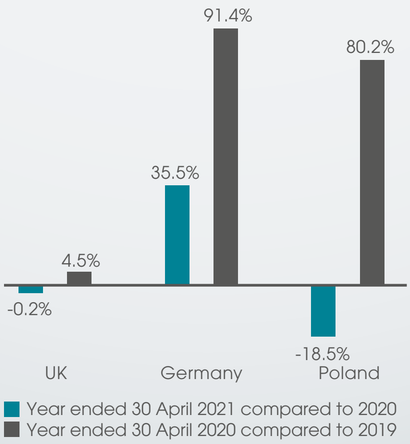
Our main supplier's fuel mix



Scope 1% changes by location YOY



Scope 2% changes by location YOY



Scope 2 emissions have increased in the year, primarily as a result of taking on new properties in the year. These properties equated to 0.6 million tCO_2e in the year ended 30 April 2021. Excluding new sites, the UK has seen a 1.5% decrease in tCO_2e in Scope 2 emissions compared with the year ended 30 April 2020.

Our carbon intensity ratio has been calculated using the Scope 2 location based method. This represents the GHG intensity of the grids where we have sites.

Based on the market based approach, total Scope 2 emissions in the year ended 30 April 2021 were 8.8 million tCO_2e. The market based method, as stated above, reflects emissions from specific contractual instruments with our energy providers.

Clipper's main electricity provider sources its energy from 100% renewable sources. Therefore, at 23 UK sites, we are able to confirm Scope 2 emissions are carbon neutral.

Next steps

Clipper's ESG journey will continue to evolve through the introduction of a Head of Sustainability in the year ending 30 April 2022 and the review of our current Sustainability Policy to ensure it meets the Group's ambitions and obligations.

We will explore ways to reduce our carbon emissions from our site locations through the introduction of more LED lighting and the procurement of lower carbon generated electricity through our energy brokers. We will also engage our operational teams to further drive our ESG agenda.

The Group will also explore ways in which we can improve our ESG data collection to ensure we are recording meaningful data, enabling improvements to be made in both the short and long term.

Greening the fleet

Clipper provides businesses with a responsive international delivery capability, including flexible, next day and 72 hour delivery to the UK, Republic of Ireland and many other EU countries. All of our transportation services are designed to be agile and adaptable, through a delivery network that works for every business and customer.

Approach

As a logistics service provider, we have a responsibility to assess our impact on the environment and to reduce any negative effects as much as possible. That is why we are committed to reducing emissions from our large fleet of vehicles through the introduction of ecologically friendlier fuels, such as LNG and CNG, biomethane and electricity.

Clipper is proactive with its offering to customers, with green vehicle solutions offered if they are commercially available.

Progress in the year ended April 2021

As at 30 April 2021, Clipper utilised 502 commercial vehicles of which 28 were gas fuelled vehicles. Overall, this represents 5.6% of our current fleet. Clipper plans to continue to phase in alternative fuelled vehicles as part of our ongoing fleet replacement strategy. Where it is commercially viable, the Group aims to grow the electric fleet within the M25 area as well as moving towards biomethane as a preferred fuel type for our vehicles.

We have also initiated a project to install more advanced telematics systems within our commercial vehicles allowing Clipper to manage overall impact on the business and the environment. The benefits include:

- one central management solution;
- delivery management system reducing paperwork;
- improving the utilisation of vehicles;
- improving driver performance; and
- improving fleet and driver safety.

Additionally, as our commitment to working and collaborating with our industry partners, Clipper is participating in the British Retail Consortium ("**BRC**") Climate Roadmap, starting the conversation with retailers across the UK on the pathway to low carbon logistics.

Next steps

As we continue into 2021 and beyond, our transport team will look to invest in greener vehicles that use LNG and CNG, biomethane and electricity. As part of our commitment, we will work with industry partners and the Government to address the need for greener fleet vehicles that are able to meet the demands of our customers and other stakeholders.

Our transport operations will also utilise the new Telematics Management System to monitor our vehicle usage and driver performance. This will enable improvements to be made to reduce our overall emissions.

Case study: Greening the fleet

In the year ended 30 April 2021, the Group commenced a project to improve the telematics within its entire commercial fleet. This will enable the Group to monitor driver-related performance as well as optimise delivery route efficiency. In turn, this will enable us to lower congestion on our roads and reduce overall emissions.

Boosting the circular economy

Technological advancement continues to develop at such a speed that electronic devices quickly become obsolete. This results in additional strain on resources as well as hazardous electronic waste often making its way to landfill sites across the world.

Approach
Clipper has an important part to play through the Technical Services arm of the Group, as returned electronic goods pose a particular challenge to retailers. Electronic goods returned by consumers need to be tested, repackaged, refurbished and in some cases repaired, which all takes time and resources. With industry return rates reaching 40%, retailers need a smarter, simpler and faster approach to processing such items.

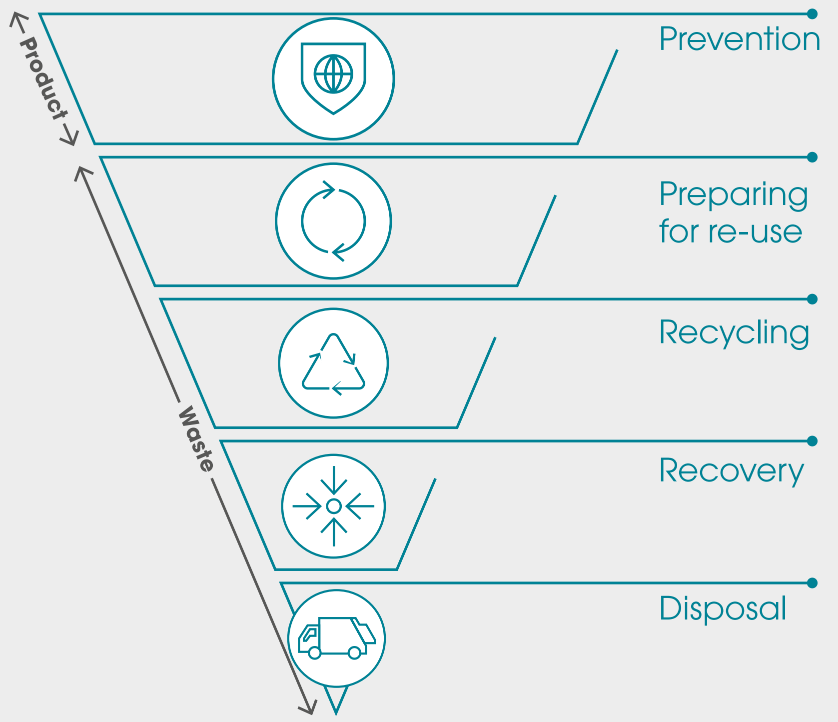
Our Technical Services returns operation continues to expand, allowing us to sort and reprocess our clients' products which are returned from the end consumer. Ultimately, Clipper is able to reduce the amount of electronic goods that ultimately would otherwise end up in landfill sites.

At Clipper, we have unrivalled expertise in the UK consumer electronics service sector. Our Technical Service offering specialises in B2B returns and B2C services, providing a complete service offering across the UK and mainland Europe. Our work is backed by extensive manufacturer accreditations. Technical Services operates from four locations: Oldham, Barton, Southam and Dusseldorf (Germany).

Progress in the year ended April 2021
As technology changes as well as the needs of our customers, so too do our knowledge and expertise. We have in place an ongoing training programme within our Technical Services businesses to ensure that all staff are expertly trained in both new and changing technologies.

Additionally, we hold all necessary permits to undertake preparatory treatment of waste, to securely store hazardous and non-hazardous waste and repair and refurbish waste electrical and electronic equipment ("**WEEE**"). This enables us to offer a complete solution to customers and ensures that our clients' businesses always meet the requirements of current legislation and provide total traceability. Our agent of

Waste hierarchy



choice provides a comprehensive report on the destruction of the electronic devices to ensure that we are disposing of devices securely and in line with legislation.

In the year ended 30 April 2021 we handled 47,434 tonnes of WEEE compared with 37,964 tonnes in the year ended 30 April 2020. This is a 24.9% increase year-on-year which is driven by General Data Protection Regulation ("**GDPR**") requirements. Any device which has the ability to store data of any kind is required to be destroyed. Therefore, as technology advances and more devices retain personal and sensitive data, we are expecting to see increases in the amount of WEEE handled and disposed of. We have also seen an increase in TV devices being disposed of in the year ended 30 April 2021, from 4 tonnes to 20 tonnes. Again, this is as a result of GDPR requirements to dispose of devices that have the capability to store data.

Next steps

We will continue to offer our unrivalled services to repair, test and repackage white electronic goods, to increase the life-cycle and reduce unnecessary landfill waste.

Reducing waste packaging

Our logistics operations involve a significant amount of packaging to ensure that processed products reach their final destination safely and securely. We are committed to reducing the amount of waste that would otherwise end up in landfill by recycling or reusing packaging.

Approach

At our UK sites, we have installed cardboard compactors with the aim of enabling us to recycle our cardboard waste efficiently whilst reducing storage requirements, making our warehouses safer for staff.

Whilst our customers are concerned with sustainability, Clipper aims to provide customers with cost-effective packaging solutions that not only minimise material volume but reduce labour. Our operational teams ensure that the most appropriate packaging is selected for the size of the product, thus cutting potential waste whilst still protecting the product. Investments in autoboxers reduce the amount of packaging required for products.

Progress in the year ended April 2021

Recycling goes beyond protecting the environment. As a Group we send our recycling for processing which in turn creates revenue for the Group. In the year ended 30 April 2021 we received £308,780 in revenue from recycling waste which is derived from 5,562 tonnes of waste. This is a 120.4% increase from the year ended 30 April 2020.

	Year ended 30 April 2021	Year ended 30 April 2020	Year ended 30 April 2019
Total recycling revenue	**£308,780**	£140,127	£95,172

We currently have five warehouse locations within the UK that are zero waste to landfill, these sites being:

- Milton Keynes 2;
- Northampton 3;
- Ollerton;
- Sheffield; and
- Swadlincote.

All other warehouse locations in both the UK and Europe currently recycle and reuse as much material as possible to divert away from landfill.

Next steps

Each Clipper site is in the process of installing ESG champions to assist in the implementation of the Group ESG agenda set by the Board. As part of this role, they will be responsible for implementing changes around recycling and effective utilisation of packaging.

We will continue to work with sites to continue to reduce unnecessary waste going to landfill and to recycle packaging where possible. We will also work with our customers to implement changes to increase the use of sustainable packaging.

>1m
electrical units refurbished in year ended 30 April 2021

19,259
training hours for Technical Services staff in year ended 30 April 2021

47,434
Tonnes of WEEE handled in year ended 30 April 2021

Our environmental agenda for 2021 and beyond

In the 12 months ending 30 April 2022, the Group will be updating our environmental policy to solidify our approach towards sustainability within our operations, in line with our broader strategic ESG agenda.

We will also be reviewing and developing a robust governance and risk management system to further address climate-related risks and opportunities the business may face. We will also be setting out plans for our 'Road to Net Zero'.

We also recognise the importance of collaboration with other industry partners to enhance our overall impact on the environment as well as having lasting long-term impacts on the environment and society.

As the adoption of Net Zero Targets and the BRC Carbon Roadmap have boosted the need for supply chain partners to accelerate company environmental agendas, Clipper joined the Environment & Sustainability Forum. The Forum was set up in 2006 by the Chair of the Retail Energy Forum and is a collection of leading UK retailers with a combined energy spend of £1.5 billion across 24,000 properties. The forum acts as a support function for sustainability/energy practitioners. Through membership of the Forum, the aim is to work as a collective to address current challenges of environmental investment within existing portfolios and to influence Government and drive change within the sector both locally and nationally.

Social – People

Human Resources ("HR") agenda

Our HR agenda is based on the following key pillars:

Talent and succession

Evolved in-house talent acquisition capabilities that focus on recruitment for all operational and functional specialisms.

Our comprehensive learning and development programmes underpin our talent planning strategies to ensure succession.

Reward and recognition

Comprehensive reward strategy to ensure everyone is paid fairly for the work they do and is recognised for their contribution.

Through external benchmarking, our compensation and benefits strategy continues to evolve.

Safety and wellness

The health, safety and wellness of everyone who works with and for Clipper is our top HR priority.

Comprehensive H&S policies are in place to ensure safe working practices are maintained.

Communication and engagement

We are investing in new technologies to ensure full engagement with every colleague at each key touchpoint of their employment life-cycle.

Through our annual Listening Survey and other workforce strategies, we ensure that the 'Employee Voice' is fully represented at the Board.

Team Clipper
To encapsulate all aspects of our People agenda and to drive a 'one team' dynamic, the Team Clipper cultural programme continues to evolve. Team Clipper branding is now commonplace at all of our locations and has become a common language across the Group.

Team Clipper underpins our talent recruitment agenda and has become a fundamental part of our Employee Value Proposition. This initiative is supported by a number of cultural programmes, performance development reviews, the competency framework and a whole suite of programmes designed to augment continuous improvement, communication and engagement.

Find out more at:
www.clippergroup.co.uk/people/team-clipper/

Key people statistics

	UK Logistics	Northern Commercials	Technical Services	Germany	Poland	Netherlands	Total Headcount
Headcount – April 2021	8,803	258	477	245	318	20	10,121
Headcount – April 2020	6,848	303	377	229	280	-	8,037

Approach to our people

Our Clipper values of Agility, Ability and Credibility are at the heart of our People strategy.

Our HR agenda is closely aligned with both our operational and strategic priorities, ensuring that we are properly resourced at all levels with the appropriate skills, competencies and behaviours required to deliver on all business priorities. Our talent and succession strategies are the cornerstones to ensure that we have the resources in place to service our rapidly growing and developing business.

Over the year ended 30 April 2021, headcount has increased significantly within UK Logistics. At the start of the financial year, the headcount for UK Logistics was 6,848. There has been a 28.5% increase in headcount during the year, significantly driven by the opening of sites to service the NHS.

During the year ended 30 April 2021, Northern Commercials undertook a restructuring programme, resulting in 34 redundancies.

Overall, Group headcount has increased by 25.9%.

With a comprehensive suite of HR policies and procedures in place to safeguard and promote employee wellness and engagement, this serves to harness our Employee Value Proposition that promotes diversity, equality and inclusion.

Talent and succession

People are at the very heart of what we do in Clipper, for it is our people who ensure that the Agility, Ability and Credibility values are upheld. Our People strategy and HR initiatives are designed to ensure that everyone who works for and with Clipper is provided with every opportunity to develop and succeed. Equally, the communities in which we operate are important to us, and our People strategy extends to these wider groups.

Learning and development

Talent development is extremely important at Clipper and to underpin our People strategy, we have a comprehensive suite of learning and development programmes for people at all levels from colleague through to senior executive management.

Underpinning all of our learning and development programmes (from technical training through to management and senior executive development) is the Clipper Competency Framework.

For technical training, we have a comprehensive suite of NVQ programmes, which are designed to enhance technical and operational capabilities.

For middle management, our Emerging Leaders programme (accredited by the Institute of Leadership and Management) is an 18 month programme which engages people in a wide range of people management strategies, all aligned to the workplace.

Our investment in training and learning programmes of over £1 million during the year serves to demonstrate our ongoing commitment:

Key learning and development data

Metric	Measure
Apprenticeship training	80,070 hours
Non-apprenticeship training	119,011 hours
E-learning (part year only)	1,105 hours
E-learning courses completed	7,339
Apprenticeship Levy spend	£567,715
Non-Apprenticeship training spend	£436,334
Total spend on training in the year ended 30 April 2021	**£1,004,049**

In the year ended 30 April 2021, over 200,000 hours of training (excluding safety-related training) were delivered. This represents over 20 hours of training for every colleague in the business. In light of the pandemic, all learning and development programmes were undertaken remotely via technology links (Zoom, Teams, etc). Our spend on training during the year represented a spend per head of £100.

Case study: Early Years talent

In partnership with Sheffield Hallam University, we have created the Clipper Degree Apprenticeship programme, with two degree programmes: the Chartered Management Degree Apprenticeship and the Supply Chain Leadership Programme. We currently have 40 degree apprentices on the programme, with the first cohort due to graduate in the autumn of 2021. Offers have been made to 42 school leavers to join the programme in the year ending 30 April 2022.

Environmental, Social and Governance (ESG) Report

Social continued

200,186

total training hours

£436,334

training spend (non-H&S)

£567,715

training spend (Levy)

£1,004,049

total training spend year ended 30 April 2021

7,339

e-learning courses completed

Early talent

We have a healthy programme of Graduate recruitment and in the year ended 30 April 2021, we recruited eight Graduates. Our 18 month programme provides the Graduates with a wide range of experiences and exposure to all facets of our operations/functions.

Our dedicated Early Years Talent and Apprenticeships Manager provides support to our learners and site based management teams through their Early Years' studies.

Senior management

Our Agile Leaders programme (accredited by the Institute of Leadership and Management) for senior managers is designed to develop leadership bench strength and capabilities for the future. For our senior executives, we have partnered with Sheffield Hallam University to offer an MBA programme. Additionally, we have partnered with Cranfield School of Management to provide tailored development interventions for emerging Executives.

Management and technical learning programmes

We have a suite of management programmes including the following:

Emerging Leaders – for supervisors, managers and those wishing to progress to a higher level of management, this is a 12 to 18 month work-based project-led programme accredited by the Institute of Leadership and Management.

Agile Leaders – for those in senior management roles who need development to succeed and advance in their current roles and become ready for future promotional opportunities.

This is a 12 to 18 month work based project-led programme accredited by the Institute of Leadership and Management.

Additionally, we offer a range of courses, ranging from leadership and management courses to apprenticeships, to enhance our people's learning and development.

We have also developed a number of our own bespoke programmes of learning, including the following:

Accelerate – a programme that focuses site management teams to develop strategies to enhance engagement and collaborative working, grow together as a team, drive effectiveness and efficiencies and become a robust focused management team. A series of tailored workshops are delivered by our in-house Learning and Development team with output actions.

Management Ability – a series of short workshops with specific development inputs for junior management colleagues focusing on topics such as:

- Managing Performance;
- Discipline and Grievance;
- Absence Management;
- Handling Difficult Conversations;
- Onboarding New Colleagues; and
- Conducting Investigations.

Reward and recognition

Reward and recognition are fundamental to Clipper and, during the year ended 30 April 2021, we have partnered with Willis Towers Watson to undertake a comprehensive review of our total compensation strategies. The outputs from this will inform the evolution of our compensation and benefits strategy into the year ending 30 April 2022 which will dovetail with the wider Remuneration Committee agenda.

This work has highlighted a requirement to review some of our peripheral benefits and work is now underway to enhance a number of our 'family friendly' policies around:

- maternity, paternity and adoption leave;
- enhanced paid holiday leave;
- paid sickness absence leave;
- flexible and homeworking; and
- paid time off for maternity-related matters.

Significant elements of our employee benefits programme include the voluntary participation in the Clipper Sharesave Plan. All employees with six months' service or more are invited to participate in each iteration of the Sharesave Plan; see page 82 for more information.

We have also partnered with Perkbox, which provides colleagues with lifestyle, financial and retail shopping discounts. In the year ended 30 April 2021, our colleagues saved in excess of £40,000. The platform also supports the wellness of our colleagues by providing 24/7 access to an Employee Assistance Helpline (which includes free confidential counselling).

Additionally, the platform provides a comprehensive range of free lifestyle, mental and physical wellness programmes.

Underpinning the Team Clipper culture is a comprehensive tool kit that recognises individual contribution and effort, including a well-defined award policy that recognises those who have given loyal service to the organisation and also those who 'have gone above and beyond'.

Safety and Wellness

Without doubt, the COVID-19 pandemic placed huge demands on our Group H&S function. The team worked tirelessly to ensure that comprehensive H&S protocols were put in place rapidly to ensure that all of our facilities were COVID secure and everyone remained safe and healthy. Find out more in our ESG 'Health and Safety' section on pages 36 and 37.

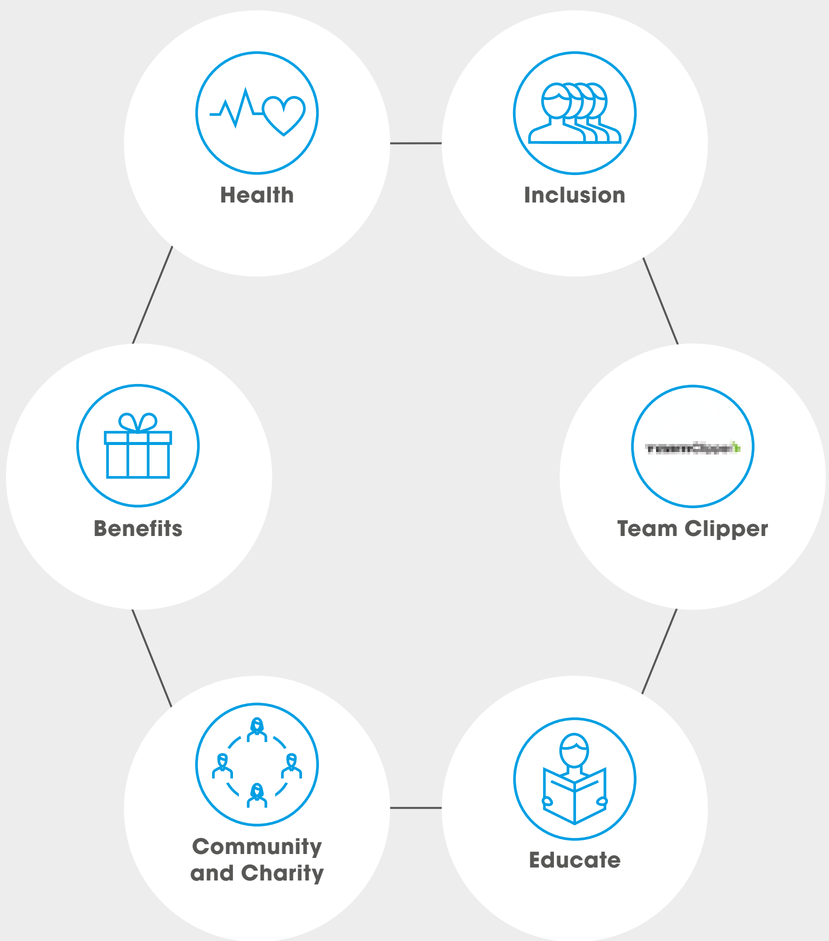
Wellbeing

During 2020 we designed and launched our Wellbeing programme built around inclusion and engagement with the aim of educating and assisting people with adopting and maintaining healthy behaviours.

There are six elements to the programme, each of which focuses on specific aspects of lifestyle, community and engagement:

Wellbeing programme

The elements



Environmental, Social and Governance (ESG) Report
Social continued

Wellbeing continued
All Clipper sites now have a Wellbeing Ambassador who has received training in the principles and objectives of the Wellbeing programme.

We are delivering monthly training courses to sites to allow them to progress together.

Mental Health First Aiders have access to the courses to enhance understanding of their role and continue their development.

Wellbeing Ambassadors have also attended training and seminars on:

- Mental Health Awareness;
- Understanding Suicide; and
- Stress Management.

Our Wellness programme is profiled throughout all operational sites to ensure maximum engagement and reach. Key information regarding the Mental Health First Aiders, Wellbeing Ambassadors and HR personnel, along with a list of useful numbers regarding mental health support services, is displayed on all TV monitors and information boards on site.

A pocket guide with the appropriate information on Wellbeing has also been provided to drivers and remote workers.

Engagement activities and communication are now in full flow and sites are sharing information and good practices.

Health and Safety

At the very heart of Clipper's culture is the health, safety and welfare of everyone who works with and for us. Our Group Health and Safety team is responsible for driving the H&S strategy, policy and direction and audit all sites on a six monthly rotational basis to ensure full compliance with the stringent policies in place.

Approach
The Health and Safety Statement and Policy provides broad direction to operational and functional managers and leaders and sets the foundation and minimum standards of behaviour. The H&S Statement (signed by the Executive Chairman, Steve Parkin) and H&S Policy are displayed on our website:

www.clippergroup.co.uk/wp-content/uploads/2021/05/HS-statement-clipper-HS-policy-july-2020.pdf

www.clippergroup.co.uk/wp-content/uploads/2021/05/clipper-hs-policy.pdf

The Group Health and Safety team reports to the Chief People Officer, who undertakes monthly meetings to review accident data and key initiatives and to continually review safety performance.

Our commitment to the safety, health and wellbeing of everyone in Clipper is endorsed by our continued investment in training and development. We have a comprehensive programme of training programmes for all occupation groups across the organisation which incorporates a blend of both in-house and external provision.

Progress in the year ended 30 April 2021

Accident statistics

	Year ended 30 April 2021	Year ended 30 April 2020	Year ended 30 April 2019
Total headcount*	**12,740**	11,554	8,412
No. of accidents	**1,308**	1,223	1,588
No. of RIDDORs	**55**	48	52

* Includes agency workers that are not included within the Group's average staff number total.

Notwithstanding the significant headcount (core and agency workers) increase in the year ended 30 April 2021 (10.3% on the year ended 30 April 2020 headcount numbers), the accident frequency rate and accident incident rate were lower when compared with the year ended 30 April 2020. There was a small increase in the RIDDOR incident rate in the year ended 30 April 2021 when compared with the year ended 30 April 2020, although there was a significant reduction in the rate when compared with the year ended 30 April 2019 (where the headcount was 51.5% lower than the year ended 30 April 2021 headcount figure).

COVID-19
Like all businesses, the COVID-19 pandemic created significant H&S challenges for Clipper during the year. The Group Health and Safety team directed the Health and Safety agenda throughout by providing education, guidance and support to operational sites and offices to ensure that all of our facilities were COVID-19 secure and could continue to operate safely during the pandemic.

243,876

H&S training hours in the year ended 30 April 2021

We worked closely with customers and stakeholders to ensure clear communication regarding COVID-19 practices. The overriding challenge was to ensure social distancing in the workplace. Group H&S worked with site management teams to install physical barriers where two metre distancing could not be ensured. Briefings, communication, and graphic materials such as two metre floor markers, signage and banners were also used to reinforce the COVID-19 social distancing message. Additional toilet and hand washing facilities were installed so people could regularly wash their hands, and marquees were hired to provide additional canteen facilities to prevented overcrowding. Staggered start, finish and break periods were also put in place to reduce transmission in common areas.

Of paramount importance was the training and communication to managers and colleagues, especially around the detection of symptoms and the protocols for isolating colleagues who presented with these symptoms. To ensure high level containment and control of the virus, localised and centralised 'tracking' systems were put in place.

We took guidance from a number of public bodies including Public Health England, the Department of Health and Social Care, the NHS and local councils.

Health and safety awards
RoSPA Awards
During the year ended 30 April 2021, Clipper was successful in achieving multiple awards at the 2020 RoSPA Awards: 14 sites obtained Gold awards and 8 sites obtained Silver awards.

2021 RoSPA Gold Award

2020 RoSPA Silver Award

A comprehensive COVID-19 secure strategy which includes risk assessments, site audits, signage and PPE usage and training for managers

Regular and repeated site safety audits linked to both our H&S framework and the risk assessments in place

In partnership with the Department of Health and Social Care, piloted workplace mass testing. Rolled out mass testing programmes at a number of Clipper locations, including workplace vaccinations

Talent in Logistics Awards
Clipper was awarded 'Best Health, Safety and Wellbeing initiative' at the 2020 Talent in Logistics Awards (October 2020) recognising the successful implementation of the Clipper H&S framework, from the bespoke design to monitoring the site implementation and the reporting processes that were put in place. This is a great achievement not only for the Group but also in recognition of the work and dedication of all our sites.

2020 AWARDS WINNER TALENT IN LOGISTICS Health, Safety & Wellbeing Initiative

Next steps
In our drive for ensuring that all of our workspaces are safe and that the wellbeing of our employees is protected and improved, we are strengthening our Group H&S function by:

- recruiting a new Group Head of Health, Safety and Wellbeing to drive an enhanced H&S and Wellbeing strategy across all parts of the organisation; and
- investing in new technologies that will further enhance the real-time reporting of accidents, near misses and other safety and wellness matters.

Communication and engagement

Employee Voice is a fundamental part of our People strategy and there are a number of key initiatives in place that ensure we listen to colleagues, act on feedback and suggestions and take full account of their views when making Board and operational level decisions.

We achieve this through the following:

- Workforce NED – Dino Rocos
- Group Town Halls
- Video messaging
- Listening Surveys
- Local Employee Forums
- Performance development reviews

On wider business matters, members of the leadership team are making greater use of technology through the production of video messaging and virtual Town Halls. These have proved to be extremely effective, especially during the pandemic, and enabled engagement with wider workforces, including those who were required to work from home.

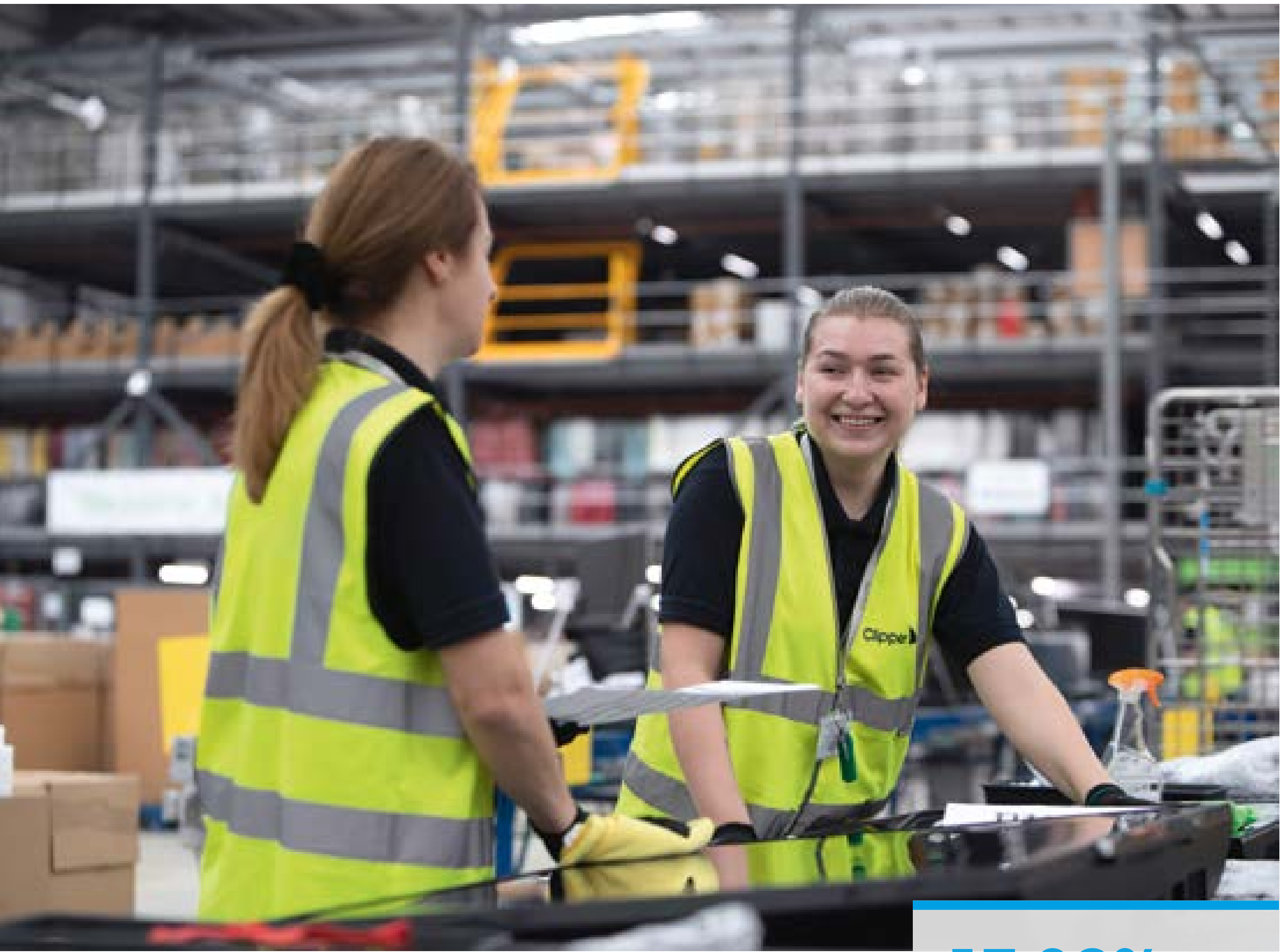
Investment in technology for engagement

Increasingly, technology is playing a greater part in our communication strategy. We have invested over £1 million in new time and attendance and cloud HR solutions which will enable greater engagement and collaboration with colleagues. The app based technology will enable 24/7 access and engagement. During the year ending 30 April 2022, we will see the full roll-out of this new technology.

Engaging with Trade Unions and employee forums

Clipper actively engages with a number of recognised Trade Unions. Of particular note is its National Umbrella Agreement with the United Road Transport Union ("**URTU**"). URTU is the national recognised Trade Union which is free to canvas for membership at any of the Clipper UK sites. A number of local Recognition Agreements are in place across our UK sites.

"The Employee Voice is fundamental to Clipper's success. As we continue to evolve our People strategies, our particular focus is to ensure we support colleagues to develop and realise their full potential and in doing so enable the business to continue to develop and realise its potential." **Dino Rocos, Workforce NED**



Additionally, Clipper also recognises the Unite Union and USDAW.

There are no recognised Trade Unions across our UK and European subsidiary businesses.

Clipper's relationships with the Trade Unions can be described as healthy, pragmatic and engaging. Through collaborative working and collective bargaining, the 'employment relations' landscape is good, with no significant issues.

Local Employee Forums

Every site holds monthly workforce and management Employee Forums. Workforce attendees are nominated and elected by the wider workforce on each site. Whilst these forums are not bargaining units, they are a vehicle to discuss and resolve work based issues and for local management to engage and understand the collective issues affecting the workforce. Actions and agreements are published from each monthly meeting.

17.82%

of UK workforce represented by Trade Unions

£1 million

invested in new time and attendance and cloud HR solutions

Social – Communities

Award-winning Fresh Start programme

Clipper remains committed to the equality of employment for everyone and recruits, develops, promotes and supports people regardless of their characteristics. To further enhance this commitment, we continue to drive our Fresh Start programme, which brings together a number of charity partners who represent different minority groups – Mencap, Reed in Partnership, Scope and Tempus Novo to name but a few. Now in its fourth year, Fresh Start aims to provide work and career opportunities for those who may otherwise face challenges entering the job market.

As part of our commitment to Fresh Start, we have taken several steps to ensure the success of the programme, including:

- auditing sites to ensure we are 'fit for purpose';
- nominating Fresh Start Champions for each site to be both a safe point of contact and an ambassador for the scheme;
- training Mental Health First Aiders for each site; and
- offering flexible and alternative shift patterns to increase access to employment.

Fresh Start has evolved to not only provide employment, but also to ensure that we are offering sufficient vocational experience to make candidates employment ready.

This builds on the successful partnership that we have established with Mencap with whom we continue to run Traineeship programmes at a number of our sites.

Fresh Start not only underpins our commitment to corporate social responsibility within the communities in which we operate; it also gives us greater recruitment opportunities going forward.

Investing in People for the year ending 30 April 2022

Amongst our key workforce strategies for the next year, we are focused on:

- augmenting our Early Years talent programmes – particularly our Degree Apprenticeships, specifically encouraging more female candidates to apply for the programme through our schools and colleges networks to build our middle and senior management talent pipeline;
- completing a full end-to-end compensation and benefits review, encompassing all salary and benefits packages to ensure market alignment;
- further developing our family friendly policies with greater flexibility for parents and carers with the aim of attracting more female candidates into the business, particularly into middle and senior management roles;
- enhancing our annual workforce Listening Survey to capture additional feedback on the impact of our diversity and inclusion strategies and areas for improvement and enhancement;
- developing our Fresh Start programme with particular focus on developing partnerships with charities and organisations supporting female workers into employment;
- undertaking focus groups with different employee cohorts to consult and inform on how we progress our Diversity, Equality and Inclusion agenda to ensure we remain the Employer of Choice in the Logistics sector; and
- creating a Women in Logistics Forum.

“Through Fresh Start, I see myself progressing through Clipper and hope to become a Team Leader in the near future.”

Spotlight: Fresh Start

11 million

people across the UK struggle to secure employment, despite their desire to work

This is where Clipper’s Fresh Start programme comes in.

“At Clipper, we have all kinds of jobs for all kinds of people. And we focus less on previous experience than drive and potential. We partner with a variety of charity organisations who support people in removing and overcoming barriers to work.”

Richard Cowlishaw, Clipper Chief People Officer

Fresh Start provides employment and training opportunities for people within our communities who may otherwise face barriers into work. Our Fresh Start colleagues come from a mix of backgrounds – those with physical and mental disabilities, ex-offenders, ex-homeless, the long-term unemployed, and ex-armed forces. We have created some fantastic partnerships with Mencap, Age UK, Tempus Novo (ex-offenders), Leonard Cheshire and Reed in Partnership to name but a few.

Now in its fourth year, Fresh Start is gaining more and more traction across the business with a strategy for all sites to actively recruit Fresh Starters into their operations. Since its inception, we have recruited over 1,200 people through Fresh Start. Whilst the COVID-19 pandemic hampered our ability to recruit as many Fresh Starters as we would have otherwise liked, we were still able to recruit 156 in the year ended 30 April 2021.

www.clippergroup.co.uk/people/diversity-and-inclusion/

Social – Responsible business practices

Anti-Slavery and Human Trafficking Policy

Human Rights Policy

Approach to responsible supply chain management

Child Labour Remediation & Workers Policy

Ethical Supply Chain Audit Programme

At the very heart of Clipper's business is the mandate to operate responsibly, ethically and in compliance with all local labour laws.

Ethical Supply Chain

Approach
Clipper places paramount importance on only working with suppliers who treat their obligations regarding responsible supply chain management, labour rights and modern slavery with the importance that Clipper does. We will not work with any organisation that is unable to demonstrate a corresponding commitment to this, irrespective of whether they are required to do so statutorily or otherwise.

All of our UK sites and labour agencies are independently audited on an annual basis by Intertek plc against labour rights two-pillar SMETA and the Ethical Trading Initiative standards. A steering group, chaired by the Chief People Officer, reviews all audits on a quarterly basis, to ensure any non-conformances against the standards are corrected.

To ensure stringent governance of our contingent labour suppliers, we only permit the supply of labour through 'Preferred Suppliers'. To achieve Preferred Supplier status, agencies must undergo the audit referred to above and commit to putting in place actions to remedy any non-conformances within a prescribed 7, 30, 60 or 90 day period. Preferred Supplier agencies are credit checked on a quarterly basis and are continuously reviewed at the quarterly steering group.

Progress in the year ended 30 April 2021
During the COVID-19 pandemic, we were only able to undertake a limited number of audits. We undertook eight internal site audits across the Clipper locations as well as two external labour audits of our agency suppliers during the year ended 30 April 2021.

We are pleased to report that we had zero major non-conformances identified as part of those audits.

Next steps
We recognise that as we develop and grow as an organisation, we must continue to strengthen our approach to ensuring stringent ethical standards are upheld and that our auditing strategies and methodologies keep pace with societal developments.

To ensure our robust governance, Clipper is:

- working with our behavioural auditing partner, Intertek, to enhance the auditing reach, especially targeting potential areas of risk around modern slavery and human trafficking;
- widening the reach of our audit programme to other suppliers – particularly contract security providers and contract cleaning partners; and
- expanding our auditing to all parts of the Group across Europe.

Anti-slavery and human rights

Modern slavery is a crime and a gross violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

Approach
Clipper has a zero-tolerance approach to modern slavery and is committed to ensuring that there is no slavery or human trafficking in our supply chain or in any part of our business. Our Anti-Slavery and Human Trafficking Policy and Human Rights Policy reflect our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls. Preferred Suppliers are audited against their efforts to combat modern slavery as part of our responsible supply chain management programme.

In the year ended 30 April 2021, there were no cases of modern slavery or human trafficking reported to Clipper.

Clipper prohibits the recruitment and employment of young people who are below the minimum school leaving age in any country in which we operate. We have an internal Employment of Young People Policy in place, which sets out Company guidelines for protecting young people, who are above the minimum school leaving age, working within the business.

Policy
Our Anti-Slavery and Human Trafficking Policy reflects our commitment to acting ethically and with integrity in all our business relationships, and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking are not taking place anywhere in our supply chains.

We believe that, in conjunction with the rigorous policies implemented by our clients and suppliers, we can drive out any aspects of human trafficking and slavery from our supply chains.

All suppliers are notified of Clipper's Anti-Slavery and Human Trafficking Policy and are expected to comply with it.

Environmental, Social and Governance (ESG) Report

Social continued

Anti-slavery and human rights continued

Where possible, we build long-standing relationships with our customers and major suppliers, making clear our expectations of business behaviour.

Our Modern Slavery Transparency Statement and Policy is also displayed on our website:

www.clippergroup.co.uk/people/csr/modern-slavery/

Our Colleague Helpline, SeeHearSpeakUp, is available to all colleagues, contractors, agency workers and onsite suppliers who can report issues, violations and other matters of concern in a confidential manner by:

Calling: 00800 9687 4357, visiting the website: www.seehearspeakup.co.uk/en/ or by email: report@seehearspeakup.co.uk.

No reprisal or retaliatory action will be taken against any employee for raising concerns under this policy. The Group is committed to investigating, addressing and responding to the concerns of employees and to taking appropriate corrective action in response to any violation. All matters raised through this hotline are addressed at Board level. The Chief People Officer reviews all calls and reports to the Helpline.

Next steps

Clipper is totally committed to eradicating all forms of modern slavery from all areas of its operations but recognises the growing sophistication of those who seek to engage in such activities.

To ensure that our prevention and engagement strategies are on point, and up-to-date HR and ethical trading practices are being employed, we have partnered with a number of agencies to support our continuous improvement in this area, including Stronger2gether Partnership.

Stronger2gether Partnership

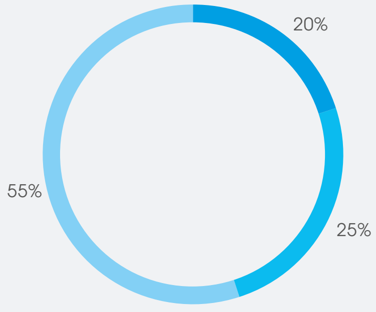
Stronger2gether will:

- undertake a comprehensive audit of our current business ethics practices and approach to ethical governance (especially in relation to the prevention and eradication of modern slavery and human trafficking) to provide an improvement plan against wider industry standards;
- following this, provide top down training from executive management through to all management levels on key factors concerning modern slavery;
- support Clipper in further developing its policies and strategies; and
- provide the impetus and guidance in enabling Clipper to develop its Code of Supplier Ethics.

Good Business Charter

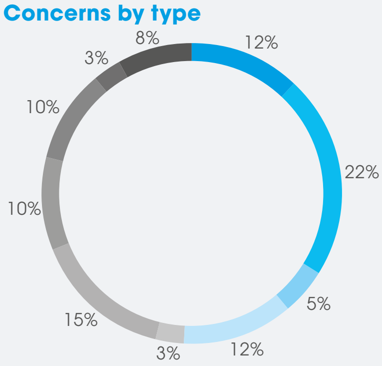
To underpin our commitment to responsible business practices, and to demonstrate the steps we are taking to identify and mitigate risk, we are a member of the Good Business Charter ("**GBC**"), an accreditation which recognises responsible business practices by measuring performance over ten business behaviours. Clipper continues to work closely with the GBC in progressively aligning itself to the ten key behaviours.

Concerns raised by channel source



- The chart above provides a breakdown of the alerts received through the SeeHearSpeakUp service by each of the reporting methods available to employees of the Group.
- The most common type of reporting method is via the use of the SeeHearSpeakUp web reporting channel.

Concerns by type



- Health and Safety – COVID-19 (22%) and Discrimination (15%) related concerns are the most common type of concern received through the SeeHearSpeakUp whistleblowing service for the Group.

8

Clipper site audits undertaken in the year ended 30 April 2021

2

external labour agency audits undertaken in the year ended 30 April 2021

0

major non-conformances identified

Equal opportunities

Approach

Clipper is committed to the equality of employment for everyone who works with and for us. This is reflected in our Equal Opportunities Policy and respect for international human rights principles is reflected in our Human Rights Policy, the links to which are highlighted below.

Equal opportunity:

www.clippergroup.co.uk/equal-opportunities-policy/

Human Rights:

www.clippergroup.co.uk/human-rights-policy/

Gender pay gap reporting

The 2020 Gender Pay Gap Report can be found on the website:

www.clippergroup.co.uk/clipper-gender-pay-gap-report/

Our gender split across Clipper the company is 42% women and 58% men. A summary of the gender distribution across Clipper the company is below:

	Females	Males
Lower Quartile	52.6%	47.4%
Lower Middle Quartile	51.8%	48.2%
Upper Middle Quartile	36.9%	63.1%
Upper Quartile	27.5%	72.5%

The above table illustrates the gender distribution across Clipper the company in the four pay quartiles. The majority of the pay gap is caused by having fewer women in senior and middle management roles.

Clipper recognise the importance of providing an inclusive working environment for everyone, so we continually review and update our people strategies to ensure that we are progressing towards having a workforce that is balanced and diverse at every level of our organisation.

Non-financial information statement

The Group includes information on certain environmental, social and governance matters in its Strategic Report in accordance with sections 414CA and 414CB of the Companies Act 2006.

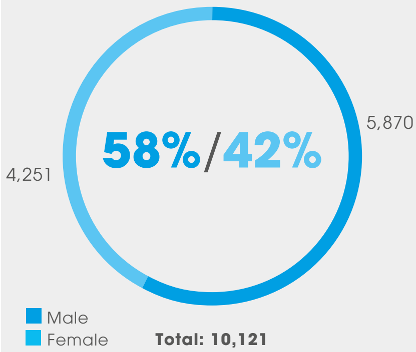
The following tables summarise the key areas of disclosure.

Reporting requirement	Page
Environmental matters	26 to 31
Employees	32 to 39
Social	40 to 41
Human rights	42 to 45
Anti-corruption and anti-bribery	69

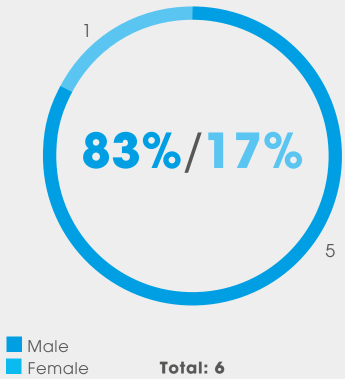
Additional information	Page
Business model	14 to 15
Principal risks and how they are managed	46 to 49
Non-financial key performance indicators	8, 28 to 45

Gender diversity

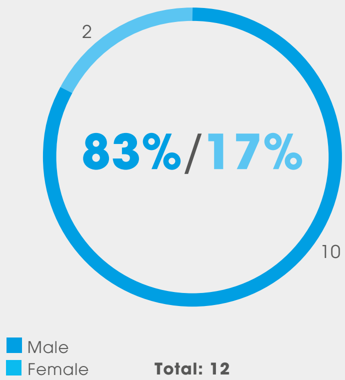
Total employees



Board



Other senior management



The Group has a formal risk identification and management process. This ensures that risks are properly identified, prioritised, evaluated and mitigated, in order that the Group can achieve its strategic objectives and enjoy long-term success.

Risk management process

The Board is ultimately responsible for managing risk across the Group. The Board delegates responsibility for the regular review of the Group's risk management system to the Audit Committee and Senior Management Team **("SMT")**. Risks are formally reviewed regularly, and risk registers are updated throughout the year. The SMT has carried out a robust and detailed assessment of the principal risks facing the Group.

Principal risks are identified through an evaluation of likelihood of occurrence and potential impact. The SMT reviews specific strategic, operational, financial and compliance risks in regular SMT meetings, contract and project reviews and other key executive management meetings to enable the SMT and the Board to ensure that the Group's systems are properly aligned with its strategic objectives.

Risk appetite

The Group is prepared to accept a certain level of risk to remain competitive but continues to adopt a conservative approach to risk management. The risk framework is robust and provides clarity in determining the risks faced and the level of risk that we are prepared to accept. The Group's strategies are designed to either treat, transfer or terminate the source of the identified risk.

There are well-established procedures to identify, monitor and manage risk and, within the internal control framework, policies and procedures are reviewed on an ongoing basis.

The Group adopts the following process:

Identify risk
Identify key risks by category (including changes since the last review)

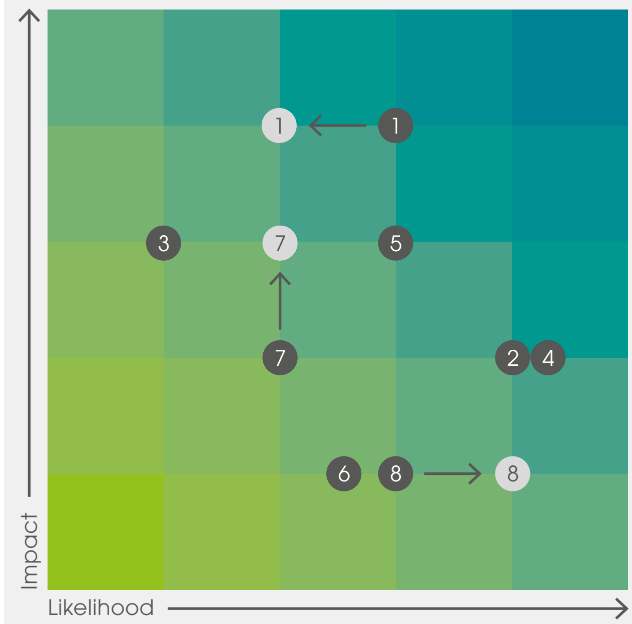
Rate risk
Rate each risk (by evaluating and assigning a score to each risk)

Identify risk mitigation
Identify mitigating actions required for each risk

Execute risk mitigation
Execute agreed risk mitigation and process improvements

Review, monitor and report risk management process
Review and monitor risk management process, and report to the Audit Committee and the Board

Risk heat map



Scoring
High
Medium
Low

Risks
1. Macroeconomic and political
2. People
3. Failure of IT system or infrastructure
4. ESG focus and increasing requirements
5. Customer contract KPIs and competition
6. Increased regulatory and compliance requirements
7. Health and safety
8. Climate change

Principal Risks and Uncertainties

The Group has identified the following key risks through its risk management process:

Operational

Risk	Mitigation
Macroeconomic and political The Group is dependent on the level of activity in its key markets, especially in UK retail (both online and traditional bricks and mortar). The Group therefore is susceptible to an economic downturn in the wider UK economy. As the Group continues to expand within Europe it is also increasingly becoming susceptible to the wider EU economy. Any economic downturn and consequent loss of consumer confidence could result in loss of a significant customer due to financial distress. As well as the increased bad debt risk this brings to Clipper, there is also an increased risk of Clipper being burdened with onerous vehicle and property leases. The Group is also is susceptible to Government policy. The UK Government has agreed a trade deal with the EU and therefore there is more certainty around the trading relationship.	The Group closely monitors trends and indicators of the economies in which it operates. The Group also invests in research to identify mega-trends in the markets within which it operates. Clipper will check the financial robustness of any new customers and will routinely credit check existing customers. Any instances of payment outside of agreed terms (being indicators of financial distress) are investigated. Clipper will also review customer trading updates. Clipper regularly has conversations with customers to identify looming issues and to create solutions where appropriate. Clipper benefits from a right of lien over its customers' inventory, largely mitigating Clipper from any bad debt risk. Clipper has historically been able to fill vacant warehouse space quickly. As such, Clipper's exposure to onerous space costs in any period following a customer default is limited. Clipper's commercial vehicles division means Clipper has a ready-made route to market for vehicle disposals, meaning that any onerous leases can be largely mitigated in the event of customer default. Our presence in Europe offers our customers a ready-made solution should customers wish to relocate their operations out of the UK.
People Failure to recruit, develop and retain key staff may prevent the Group from delivering its objectives. We rely heavily on agency labour, particularly in peak activity periods. The UK's exit from the EU could compromise the resource available to UK Logistics. Additionally, competition for labour in the vicinity of our facilities and distribution centres can increase the demands on the local labour pool, reducing the availability of labour and pushing up the cost.	The Group offers comprehensive training and experiential learning which includes development, customer relationship and leadership training. The Group keeps in close contact with employees and has a flat management structure. The Group has a formulated succession plan and aims to promote from within where appropriate to do so. The Group ensures that it has competitive terms and conditions with reward schemes which drive and reward performance and can respond flexibly to the needs of employees. Exit interviews are conducted to ensure that learnings from key staff departures can be incorporated into the future retention strategy. The Group monitors staff turnover to ensure any indicators of issues are identified early and resolved where appropriate. Clipper and its customers are investing in automation to reduce reliance on manual labour. In order to maximise the labour pool, Clipper encourages local links with schools, colleges, universities and communities including through its Fresh Start initiative; has family friendly policies; and is supporting industry-led initiatives to encourage a wider interest in logistics. Clipper has consciously reduced its reliance on agency labour in the year by increasing its permanent headcount. This added job security reduces the temptation for workers to move from Clipper, even if they were able to find another role for a slightly higher hourly rate. Clipper constantly benchmarks wages and benefits against other employers in the local area to ensure remuneration packages remain competitive. We have introduced a workforce Non-Executive Director to drive workforce engagement strategies. Wherever practical, we try to open new sites in areas of lower employment. Clipper regularly monitors staff turnover. Any exposure to increased costs is largely mitigated by open book contract mechanisms.
Cyber security/ Failure of IT system or infrastructure Failure to prepare or deal with any cyber security attack on the Group could potentially impact the Group's operational performance and reputation through regulatory action and/or penalties. Any significant failure, inefficiency or breakdown of our IT systems or infrastructure would seriously impair our ability to deliver operationally and would put contract renewals at risk.	The Group continuously reviews the controls in place in relation to cyber security and GDPR compliance. The Group ensures that all anti-virus and gateway protection is up to date with an enterprise level provider. Staff members are provided with adequate training and communications to ensure any potential cyber threats are reported in a timely manner. Currently, the Group is working towards a Cyber Essentials accreditation and penetration testing to ultimately lead to ISO 27001 accreditation. In addition, the IT Risk and Security Manager drives the continual review of IT solutions in line with supportable parameters. Business continuity and disaster recovery plans are kept under review at all locations and our IT infrastructure is subject to ongoing review with regular testing of systems, including penetration testing. The Group maintains an extensive IT team, supported, where appropriate, by external expertise. Particular focus is given to recovery processes and procedures, infrastructure resilience, innovation and security. The data migration programme has been completed into a resilient third party data centre for all core business systems and IT assets.

Operational

Risk	Mitigation
ESG focus and increasing requirements Increasing focus on ESG, in particular, the environment is impacting political decisions and consumer behaviours. Risk of allocating insufficient resources could result in a lack of preparedness by the Group in meeting science based targets and other environmental protocols. Failure to report or meet targets through a lack of investment could result in reduced support from stakeholders such as investors and customers, who may switch to competitors with lower carbon footprints.	The Group has started the process of evaluating its ESG agenda, a directive that has significant focus from the Group Board. An ESG Steering Committee consisting of members of the SMT and chaired by the CEO has been created with regular Board oversight and is being advised by professional advisors. The Steering Committee is currently in the process of setting internal targets and a timeline for a carbon reduction plan. To ensure that the ESG agenda is embedded across all areas of the Group, ESG measures have been incorporated into the Group's variable pay schemes. In addition, we have recruited a Head of Sustainability. The Group has commenced discussions with its customers to evaluate their supply chain response to find collaborative and innovative solutions. The Group's role is essential for retailers to achieve their own ESG targets. We are monitoring existing and prospective investor capital allocation policies for ESG criteria. We are monitoring our energy use, reviewing trends over time and sourcing from 100% renewable or carbon offset fuels where possible. The Group is, currently involved in external initiatives/forums e.g. participation in BRC Climate Roadmap discussions. Initiatives such as Wellbeing, Mental Health, Fresh Start and Perkbox are embedded within the Group.
Customer contract KPIs and competition Failure to maintain and enhance customer relationships through sub-standard operational delivery or more attractive propositions from our competitors may lead to contracts not being renewed, and/or may prevent the Group from winning new work with existing customers.	The Group's growth is underpinned by winning new contracts and renewing existing contracts. In order to achieve this, contractual key performance indicators ("**KPIs**") are reviewed regularly to ensure operational effectiveness at all times and to ensure that these are set at industry-leading standards. Dedicated start-up and project teams are used to minimise disruption to the operation during periods of major project activity. The Group holds formal monthly reviews with key customers as well as maintaining frequent close informal contact with customers and potential customers. This enables corrective action to be taken quickly in response to customer feedback and ensures that we remain in touch with what our competitors are doing. We strive to continually improve through sharing learnings across the business, particularly in the aftermath of new project implementations. In addition, regular brand health reviews are carried out. These give customers the opportunity to comment anonymously on any aspect of the customer/Company relationship and service delivery, and how we compare to our competitors. The Group can then take corrective action, as applicable. Members of the SMT attend and speak at industry events and contribute to various industry publications to ensure we continue to be perceived as a thought leader to the retail market.
Increased regulatory and compliance requirements The Group operates in an increasingly regulated market. As the Group continues its expansion (particularly in Europe), exposure to regulatory and legal risk will increase. Inadvertent failure to comply may result in the Group being adversely impacted by reputational damage. The penalties for non-compliance could lead to significant fines in the event of a breach. The General Data Protection Regulation ("**GDPR**") brings additional compliance risks for the Group.	The Group utilises internal and external experts where appropriate, supported by its Group General Counsel, to set policy and monitor its application. Data control is a major area of client and regulatory focus. The Group's IT management systems and processes are designed to ensure controls over system access and data flow movements are carefully monitored. The Group undertakes appropriate staff training to ensure legal compliance. Operational sites are audited on a frequent, cyclical basis to test for instances of non-compliance. System penetration testing is undertaken by the Group to check the resilience of its IT systems. The GDPR Steering Committee ensures all parts of the Group are GDPR compliant. External specialist advice is sought to ensure technical compliance with financial, taxation, listing and other technical regulations or legislation. Individuals responsible for compliance are identified and are specifically recruited with recognised qualifications. Contracts are updated to reflect the new compliance regime and appropriate limitations of liability to customers negotiated where possible. The Group's greatest exposure to the National Living Wage ("**NLW**") in the UK is in UK Logistics where we attract a higher proportion of workers at or near the current NLW level. In UK Logistics, the majority of activity (by revenue) is on an open book basis, meaning such upward cost pressures are passed straight through to the customer. Many of our closed book and minimum volume guarantee customer contracts include price escalators for regulatory changes and so these costs can also be passed on to customers. The Group has zero tolerance to modern day slavery and regular audits are undertaken by a third party of our agency suppliers.

Risk	Mitigation
Health and safety Our activities are conducted in a variety of operating environments. A failure to monitor or manage health and safety risks appropriately can not only lead to an unsafe working environment for our people and others who interact with us, but may result in significant penalties, reputational damage and/or legal liabilities.	The Group has a dedicated team of health and safety professionals who maintain, audit and review detailed health and safety procedures and processes. The team reports to the SMT and the Board. It also provides leadership and training to encourage a culture which values the early identification of situations that could lead to accidents. Regular communication and support for employees, including those working from home. In recognition of the importance of Mental Health we have Mental Health First Aiders. As a result of the COVID-19 pandemic, additional procedures and policies have been implemented to ensure that our people remain safe. Internal health and safety audits are carried out regularly to ensure these procedures are being complied with.
Climate change Climate change and the resulting frequency and impact of extreme weather conditions such as flooding could result in disruption in services and failure to meet KPIs resulting in adverse financial consequences for the Group. The impact of the environmental protocols and mitigation programmes could be costly for the Group.	The development of resilience strategies for climate change will be a key element of the risk management process for the Group. The Group utilises centralised functions to develop mitigation plans.

Viability Statement

In accordance with provisions 30 and 31 of the 2018 revision of the UK Corporate Governance Code (the "**Code**"), the Directors have assessed the prospect of the Company and the Group over a longer period than the 12 months required by the 'Going Concern' principle.

Whilst the Board has no reason to believe the Group will not be viable over a longer period, the period over which the Board considers it appropriate to form a reasonable expectation as to the Group's longer-term viability is the three year period to 30 April 2024. This period reflects the period used for the Group's business plans and the typical length of a customer contract and has been selected because it gives management and the Board sufficient, realistic visibility on the future in the context of the industry and market environment. The Board has considered whether it is aware of any specific relevant factors beyond the three year horizon and confirmed that there are none.

The Board's assessment has been made with reference to the resilience of the Group and its historical ability to deliver strong operational cash flows, the Group's robust balance sheet, the Group's current strategy, the Board's attitude to risk, and the principal risks documented in the Strategic Report.
The starting point for the Board's review was the annual strategic planning process, which results in business plans for the next three financial years. These plans are subjected to risk and sensitivity analysis. The assessment considers the potential impacts these risks would have under severe but plausible scenarios on the Group's business model, the Group's solvency and liquidity, compliance with covenants, likely availability to the business of future bank facilities and other key financial ratios.
The Board considers that the Group's broad spread of customers across independent market sectors, the majority of which are underpinned by long-term agreements with minimum volume guarantees or open book terms, acts significantly to mitigate the impact any of these risks might have on the Group.

Based on the Group's risk register, the forecasts were reworked to include the individual impact of the scenarios detailed below. In addition, the cumulative effect of all of the following scenarios occurring at once was also modelled:

1) A significant downturn in market conditions resulting in a 10% reduction in sales in the logistics division and 5% reduction in sales within the commercial vehicles division.
2) A temporary 10% rise in labour costs driven by labour shortages.
3) A temporary outage resulting from a ransomware attack on the Clipper IT infrastructure.
4) Rising costs driven by ESG regulatory compliance or best practice.
5) The loss of the largest customer to a competitor as a result of KPI failure.
6) A further increase in labour costs driven by Government policy changes.
7) Temporary closure of a site due to a COVID-19 outbreak.
8) A large operational site being out of use due to a disaster in August 2021.

The major assumptions in the model are as follows:

- Market downturn in September 2021.
- Stresses on labour pool felt from August 2021.
- Ransomware attack resolved within one week.
- 70% of rising costs passed to open book customers.
- Lost activity of largest customer is not replaced.
- Short-term warehousing capacity is available (at incremental cost) to maintain a level of service to customers.

Only in the cumulative stress-tested scenario were covenants and banking headroom breached. The occurrence of this scenario is considered to be very remote. The Board is aware of a number of mitigating actions which can be taken, should there be a drop in the Group's trading expectation. These include delaying capital expenditure unless underwritten by open book customers, not taking on additional sites, negotiating extended terms with suppliers, refinancing the business, reducing agency labour spend and not paying a dividend. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Company and the Group will be able to continue in operation and meet all their liabilities as they fall due up to 30 April 2024.

Operating and Financial Review

Group performance for the year ended 30 April 2021

The Group delivered a very strong performance in the financial year ended 30 April 2021 against a fluid background arising from the ongoing COVID-19 pandemic. The results reflect the resilience of the business model, being well positioned in a growing e-commerce market, together with the Group's ability to rapidly respond to changing circumstances.

Group revenue grew by 39.1% to £696.2 million. Group EBIT[1] for the year was £39.8 million compared with £32.5 million in the prior year, an increase of 22.5%. Underlying EBIT[1] grew by 52.4%.

Group revenue

	Year ended 30 Apr 2021 £m	Year ended 30 Apr 2020 £m	% change
E-fulfilment & returns management services	**420.9**	277.0	52.0%
Non e-fulfilment logistics	**194.7**	143.8	35.4%
Total value-added logistics services	**615.6**	420.8	46.3%
Commercial vehicles	**83.6**	82.5	1.4%
Inter-segment sales	**(3.0)**	(2.6)	
Group revenue	**696.2**	500.7	39.1%

Percentages are calculated on the underlying numbers as presented in the Group Financial Statements, not on the rounded figures in the table above.

Group revenue growth in the current year is largely attributable to the value-added logistics services segment, which grew by 46.3% to £615.6 million, with e-fulfilment & returns management services growing by 52.0% to £420.9 million and non e-fulfilment logistics growing by 35.4% to £194.7 million.

Revenue from the commercial vehicles segment was £83.6 million and remained flat year-on-year.

Group EBIT[1]

	Year ended 30 Apr 2021 £m	Year ended 30 Apr 2020 £m	% change
E-fulfilment & returns management services	**31.0**	23.1	34.2%
Non e-fulfilment logistics	**17.0**	16.8	1.3%
Central logistics overheads	**(7.9)**	(6.9)	13.3%
Total value-added logistics services	**40.1**	33.0	21.8%
Commercial vehicles	**3.3**	2.3	40.4%
Head office costs	**(3.6)**	(2.8)	28.9%
Group EBIT[1]	**39.8**	32.5	22.5%

Percentages are calculated on the underlying numbers as presented in the Group Financial Statements, not on the rounded figures in the table above.

Group EBIT[1] grew by 22.5% to £39.8 million in the year ended 30 April 2021 (2020: £32.5 million). Both segments grew strongly with value-added logistics services growing by 21.8% to £40.1 million and the commercial vehicles division growing by 40.4% to £3.3 million.

This growth is in part attributed to the revenue growth in the current year of 39.1%. There is a material non-underlying factor impacting the prior year.

£3.5 million of favourable contribution resulted from a 'negative goodwill' credit arising on a business combination in the year ended 30 April 2020 (see note 29 to the Group Financial Statements). This has been split equally between e-fulfilment & returns management services and non e-fulfilment logistics with £1.75 million in each. There was no similar contribution to EBIT[1] in the current year.

Excluding the 'negative goodwill' credit from the prior year and the impact of IFRS 16 leases (impacting both years), underlying EBIT[1] increased by £10.8 million (52.4%) in the year ended 30 April 2021 compared to the prior year. The table below normalises the effect of these impacts:

	Year ended 30 Apr 2021 £m	Year ended 30 Apr 2020 £m	% change
EBIT[1]	**39.8**	32.5	22.5%
IFRS 16 impact	**(8.4)**	(8.4)	
'Negative goodwill'	**-**	(3.5)	
EBIT[1] (excluding non-underlying factors)	**31.4**	20.6	52.4%

Percentages are calculated on the underlying numbers as presented in the Group Financial Statements, not on the rounded figures in the table above.

EBIT[1] is the primary KPI by which the management team assesses corporate performance. EBIT[1] is assessed against Board approved budgets.

EBIT[1] margin (%) is not considered by the Directors to be a key metric since the high proportion of open book and minimum volume guarantee contracts within the value-added logistics segment distorts reported margins.
This is due to an element of management fees on certain contracts being relatively fixed in the short term, so that an increase in revenue in periods of increased activity will not necessarily give rise to a proportionate increase in profit, resulting in lower reported margins. Conversely, in periods of reduced activity levels, reported margins would typically increase. Similarly, revenue derived from minimum volume guarantee contracts is fixed at a minimum level, so that a shortfall in activity levels would give rise to a lower cost base and a higher reported margin. In addition, within the commercial vehicles segment, the level of high value, relatively low margin new vehicle sales also distorts reported margins. Accordingly, EBIT[1] is a more relevant measure of financial performance than EBIT[1] margin (%).

1 This is an alternative performance measure, the definition of which can be found on page 55 together with a reconciliation to the statutory measure.

Segmental trading overview

Clipper is managed through two distinct operating segments, being value-added logistics services and commercial vehicles. The value-added logistics services segment is further subdivided into two business activities, being e-fulfilment & returns management services and non e-fulfilment logistics.

Value-added logistics services

	Year ended 30 Apr 2021 £m	Year ended 30 Apr 2020 £m	% change
Revenue	**615.6**	420.8	46.3%
EBIT[1]	**40.1**	33.0	21.8%
EBIT[1] (excluding non-underlying factors)	**31.9**	21.5	48.4%

Percentages are calculated on the underlying numbers as presented in the Group Financial Statements, not on the rounded figures in the table above.

Revenue in the year ended 30 April 2021 within the value-added logistics services operating segment was £615.6 million, representing growth on the previous year of 46.3%.

This growth is due to a combination of the full year impact of new contracts won in the prior year, new contracts won in the year ended 30 April 2021 and organic growth in existing customers in the UK.

These revenue items had a positive impact on EBIT[1]. EBIT[1] excluding non-underlying factors grew by £10.4 million to £31.9 million; growth of 48.4% in the year ended 30 April 2021. The trading factors contributing to the growth in this segment are covered in more detail below.

Reported EBIT[1] benefited from:

- £3.5 million of favourable contribution from a 'negative goodwill' credit arising on a business combination in the year ended 30 April 2020 (see note 29 to the Group Financial Statements). This has been split equally between e-fulfilment & returns management services and non e-fulfilment logistics with £1.75 million in each. There was no similar contribution to EBIT[1] in the current year.

The following table normalises this together with the impact of IFRS 16 (impacting both years):

	Year ended 30 Apr 2021 £m	Year ended 30 Apr 2020 £m	% change
EBIT[1]	**40.1**	33.0	21.8%
IFRS 16 impact	**(8.2)**	(8.0)	
'Negative goodwill'		(3.5)	
EBIT[1] (excluding non-underlying factors)	**31.9**	21.5	48.4%

Percentages are calculated on the underlying numbers as presented in the Group Financial Statements, not on the rounded figures in the table above.

E-fulfilment & returns management services

	Year ended 30 Apr 2021 £m	Year ended 30 Apr 2020 £m	% change
Revenue	**420.9**	277.0	52.0%
EBIT[1]	**31.0**	23.1	34.2%
EBIT[1] (excluding non-underlying factors)	**25.3**	15.8	60.1%

Percentages are calculated on the underlying numbers as presented in the Group Financial Statements, not on the rounded figures in the table above.

E-fulfilment & returns management services include the receipt, warehousing, stock management, picking, packing and despatch of products on behalf of customers to support their online trading activities, as well as a range of ancillary support services including returns management, branded as Boomerang™, under which returns of products are managed on behalf of retailers. This business activity also includes click and collect activities (through the Clicklink™ joint venture) and Technical Services.

Revenue from e-fulfilment & returns management services increased by 52.0% from £277.0 million for the year ended 30 April 2020 to £420.9 million for the year ended 30 April 2021, with EBIT[1] excluding non-underlying factors growing by 60.1% to £25.3 million. Reported EBIT[1] was 34.2% higher than in the previous year. Included within reported EBIT[1] in the prior year was £1.8 million of 'negative goodwill' relating to the business combination. There was no similar transaction in the current year.

The following table normalises this together with the impact of IFRS 16 (impacting both years):

	Year ended 30 Apr 2021 £m	Year ended 30 Apr 2020 £m	% change
EBIT[1]	**31.0**	23.1	34.2%
IFRS 16 impact	**(5.7)**	(5.5)	
'Negative goodwill'		(1.8)	
EBIT[1] (excluding non-underlying factors)	**25.3**	15.8	60.1%

Percentages are calculated on the underlying numbers as presented in the Group Financial Statements, not on the rounded figures in the table above.

This growth represents a significant increase on the double digit percentage EBIT[1] growth of prior years and delivers against our stated objective of being a market leader in the provision of value-added services across the e-fulfilment sector.

1 This is an alternative performance measure, the definition of which can be found on page 55 together with a reconciliation to the statutory measure.

The solid financial performance in e-fulfilment & returns management services benefited from the following:

- the part year impact of operations commenced during the year ended 30 April 2021, including: Linenbundle, Revolution Beauty, T.M.Lewin and the activities arising from the supply of PPE and other ancillary products to healthcare providers through the online portal in partnership with eBay and Royal Mail. The impact of these activities will not be fully realised until the year ending 30 April 2022;
- the full year impact of operations commenced during the year ended 30 April 2020, including: Amara Living, Hope & Ivy, Joules, N Brown, Nutmeg online operation for Morrisons, Simba Sleep and The Very Group;
- volume growth and extension of services on existing contracts, notably with BAT Vype, Browns, LoveCrafts, Wilko and Zara in the UK, in part driven by particularly strong organic growth in the UK e-fulfilment market due to the continuing shift in retail trends towards online trading;
- Technical Services saw significant increases in activity on the Amazon, Panasonic and Vestel accounts. Nintendo repair volumes continued to grow from the prior year. The new mezzanine floor at Oldham has allowed for extra processing activity; and
- Clicklink™, our joint venture with John Lewis, contributed significantly to the current year. Many of Clicklink™'s customers were impacted by the closure of non-essential retail. However, we have seen more buoyant volumes being driven through the Waitrose network, having added Sweaty Betty to the Waitrose Collect opportunity, which has driven more volume through this proposition.

Europe was impacted to a greater degree than the UK as a result of restrictions in response to the pandemic, with revenue falling 10% compared with the prior year.

Whilst we experienced some organic revenue decline with certain of our customers, overall revenue growth was strong due to the structural shift to online.

Since the year end, we have commenced activities with new customers including Mountain Warehouse, River Island and JD Sports which we expect to further drive EBIT[1] growth in the year ending 30 April 2022. In Europe, we are pleased that since the year end, we have experienced the return of high volumes on the Westwing contract, secured a contract extension with ASOS in Poland, commenced a trial with Zalando, and we have commenced operations in the Netherlands, a new jurisdiction for the Group, with Farfetch. The Board expects European logistics to be a high growth area of the Group in future years.

Non e-fulfilment logistics

	Year ended 30 Apr 2021 £m	Year ended 30 Apr 2020 £m	**% change**
Revenue	**194.7**	143.8	35.4%
EBIT[1]	**17.0**	16.8	1.3%
EBIT[1] (excluding non-underlying factors)	**14.5**	12.5	16.0%

Percentages are calculated on the underlying numbers as presented in the Group Financial Statements, not on the rounded figures in the table above.

Non e-fulfilment logistics operations include receipt of inbound product, warehousing, picking, packing and distribution of products on behalf of customers in traditional bricks and mortar retail. Within this business activity, the Group handles high value products, including tobacco, alcohol and designer clothing, and also undertakes traditional retail support services including processing, storage and distribution of products, particularly fashion, to high street retailers.

Despite a difficult background during the pandemic, the Group is pleased to report that revenue from non e-fulfilment increased by 35.4% for the year ended 30 April 2021, from £143.8 million to £194.7 million.

Reported EBIT[1] grew by 1.3% to £17.0 million in the year ended 30 April 2021. EBIT[1] in this business activity benefited from £1.8 million of 'negative goodwill' in the year ended 30 April 2020.

As a result, EBIT[1] excluding non-underlying factors increased by 16.0% to £14.5 million in the year ended 30 April 2021. The following table normalises this together with the impact of IFRS 16 (impacting both years):

	Year ended 30 Apr 2021 £m	Year ended 30 Apr 2020 £m	**% change**
EBIT[1]	**17.0**	16.8	1.3%
IFRS 16 impact	**(2.5)**	(2.5)	
'Negative goodwill'	**-**	(1.8)	
EBIT[1] (excluding non-underlying factors)	**14.5**	12.5	16.0%

Percentages are calculated on the underlying numbers as presented in the Group Financial Statements, not on the rounded figures in the table above.

The following factors contributed positively to the EBIT[1] growth:

- the full year effect of the activities commenced in the prior year, including SLG and New Girl Order;
- organic volume growth with existing customers, including Asda, Browns, Ginger Ray, Morrisons and SuperGroup;
- increased activity in contract packing;
- relief operations for H&M and Next, demonstrating the Group's agile nature in responding to retailers' challenges; and
- part year contributions from new activities commenced in the year ended 30 April 2021, in particular growth in the Life Sciences vertical, being the distribution of PPE to hospital trusts and local resilience services and COVID-19 testing kits. Such activities will generate a full year of contribution in the year ending 30 April 2022.

1 This is an alternative performance measure, the definition of which can be found on page 55 together with a reconciliation to the statutory measure.

The following factors had an adverse impact on revenue and EBIT[1] year-on-year:

- various contracts ceased in the year ended 30 April 2021, including Arcadia (due to liquidation) and Edinburgh Woollen Mill (due to liquidation). However due to ongoing services provided to the administrators for both customers we were able to mitigate some of the losses, and we continue to have ongoing relationships with the majority of the new owners of the brands bought out of administration; and
- some decline with certain other retail customers driven by high street market conditions and the closure of non-essential retail in response to the COVID-19 pandemic.

Central logistics overheads

	Year ended 30 Apr 2021 £m	Year ended 30 Apr 2020 £m	**% change**
EBIT[1]	**(7.9)**	(6.9)	13.3%

Percentages are calculated on the underlying numbers as presented in the Group Financial Statements, not on the rounded figures in the table above.

Central logistics overheads include the costs of the directors of the logistics business, the project delivery and IT support teams, sales and marketing, accounting and finance, and human resources, that cannot be allocated in a meaningful way to business units.

Central logistics overheads increased by £1.0 million (13.3%), from £6.9 million in the year ended 30 April 2020 to £7.9 million in the year ended 30 April 2021.

We have continued to invest in the operational support and back office functions of the business to accommodate revenue growth, thereby increasing the overhead base.

Commercial vehicles

	Year ended 30 Apr 2021 £m	Year ended 30 Apr 2020 £m	**% change**
Revenue	**83.6**	82.5	1.4%
EBIT[1]	**3.3**	2.3	40.4%
EBIT[1] (excluding non-underlying factors)	**3.1**	2.0	53.4%

Percentages are calculated on the underlying numbers as presented in the Group Financial Statements, not on the rounded figures in the table above.

The commercial vehicles business, Northern Commercials (Mirfield) Limited, operates Iveco and Fiat commercial vehicle dealerships from four dealership locations and has two sub-dealers. Main dealerships are located in Brighouse, Manchester, Northampton, and Tonbridge. The business operates across the north of England and into Wales, through the Midlands and into the South East.

Commercial vehicles revenue for the year ended 30 April 2021 grew by a marginal 1.4% to £83.6 million despite a significantly reduced service operation with Government mandated closure of non-essential retail at various parts of the year in response to the COVID-19 pandemic.

New vehicles sold in the year ended 30 April 2021 were 1,517; an increase of 118 units compared with the prior year. Used vehicle sales in the year ended 30 April 2021 were 376 units compared with 271 units in the prior year. Bodyshop and Service hours sold in the year ended 30 April 2021 were 147,758 compared with 147,279 in the prior year.

EBIT[1] for the year increased by 40.4% to £3.3 million as a result of the above, which is encouraging given the difficult background arising from the pandemic. EBIT[1] excluding non-underlying factors grew by 53.4% from £2.0 million to £3.1 million excluding the impact of IFRS 16.

Head office costs

	Year ended 30 Apr 2021 £m	Year ended 30 Apr 2020 £m	**% change**
EBIT[1]	**(3.6)**	(2.8)	28.9%

Percentages are calculated on the underlying numbers as presented in the Group Financial Statements, not on the rounded figures in the table above.

Head office costs represent the cost of certain Executive and Non-Executive Directors, other central senior management, plc compliance costs and the costs of the plc head office at Central Square, Leeds.

Head office costs increased by £0.8 million (28.9%), from £2.8 million in the year ended 30 April 2020 to £3.6 million in the year ended 30 April 2021. The year-on-year increase in head office costs is largely due to the recruitment of additional SMT members to support the future growth of the Group.

Overview of profit and loss performance for the year ended 30 April 2021

The revenue and EBIT[1] performance of the Group are as discussed above. The other aspects of the Group income statement are discussed below.

Overall share based payment charges
Share based payment charges of £0.7 million have been recognised in the income statement for the current year (2020: £0.3 million) primarily to central logistics overheads and head office costs (as appropriate) in respect of the Sharesave Plan and the Performance Share Plan ("**PSP**") (see note 25 to the Group Financial Statements and page 74 of the Directors' Remuneration Report). The increase in the overall charge relates to the timing of grants.

Net finance costs
Net finance costs for the year ended 30 April 2021 decreased by 4.8% to £10.6 million (2020: £11.1 million), the decrease being largely as a result of reduced bank interest due to lower utilisation of the Revolving Credit Facility ("**RCF**") throughout the year and reduced interest costs on hire purchase and finance lease agreements due to lower requirements of facilities to fund capital expenditure in the year.

IFRS 16 lease interest for the year ended 30 April 2021 was £8.0 million which was comparable to the prior year (2020: £8.0 million).

1 This is an alternative performance measure, the definition of which can be found on page 55 together with a reconciliation to the statutory measure.

Profit Before Tax and Amortisation and Exceptional Costs ("**PBTA**")

PBTA is defined as profit before income tax, before amortisation of intangible assets arising on consolidation, and exceptional costs. Whilst not considered a KPI by management, this measure is used by market analysts. PBTA was £28.8 million (£26.7 million PBT plus £1.3 million amortisation of other intangible assets plus £0.8 million of exceptional costs) for the year ended 30 April 2021, an increase of 31.5% on the PBTA for the year ended 30 April 2020 of £21.3 million (£20.1 million PBT plus £1.2 million amortisation of other intangible assets).

Exceptional costs of £0.8 million relate to £0.5 million of aborted acquisition costs and £0.3 million relating to redundancy costs incurred within our commercial vehicles segment as a direct consequence of the COVID-19 pandemic.

Taxation

The effective rate of taxation of 19.0% (2020: 19.5%) is in line with the standard UK rate of income tax applicable in the year of 19.0% (2020: 19.0%). The impact of certain expenditure which is disallowable for tax purposes and the higher effective rate in Germany and Poland is offset by the significant contribution from Clicklink™ in the year. As it is an equity-accounted investment, the post-tax contribution of Clicklink™ is included in the Group's pre-tax result.

Profit after tax

The profit after tax for the year ended 30 April 2021 was £21.7 million (2020: £16.2 million), an increase of 33.8%.

Earnings per share

Earnings per share were 21.3 pence for the year ended 30 April 2021 (2020: 15.9 pence). Adjusted to remove amortisation of intangible assets arising on consolidation, earnings per share were 22.3 pence (2020: 17.0 pence).

Current trading and outlook

In the year ending 30 April 2022, we expect revenue to benefit from:

- the full year effect of the new operations brought online in the logistics segment. As noted previously, the Group commenced activities on a number of new contracts in the year ended 30 April 2021;
- growth with existing customers, either organically – particularly with those in e-commerce who will benefit from market growth – or through new service lines for those customers;
- growth from conversion of some of the opportunities on our new business pipeline, including in mainland Europe. These opportunities will be converted through a focus on retail specialisms and provision of cost-effective, value-added solutions. Some of these new business activities will not reach full year run-rate until the year ending 30 April 2023 and beyond; and
- operations which have either recently commenced after the year end or other known new activities which are at various stages of planning. The annualised impact of these activities will not be fully delivered until the year ending 30 April 2023.

The Board is confident that the Group is strongly positioned to grow in the future.

Balance sheet and cash flow

Capital expenditure and fixed assets

Additions to intangible assets in the year ended 30 April 2021 were £2.6 million (2020: £1.0 million). Noteworthy additions in the year included a new telematics transport management system which will reduce the cost and environmental impact of our fleet operations, maximise utilisation, increase efficiency and improve safety and driver performance. In addition, we completed our migration to Node 4, a cloud based, enterprise level, IT infrastructure solution.

Additions to property, plant and equipment in the year ended 30 April 2021 were £7.1 million (2020: £8.1 million). £7.0 million of this was incurred in the logistics services segment (2020: £7.9 million) and £0.1 million (2020: £0.2 million) in the commercial vehicles segment. Within logistics, noteworthy additions in the year include additional mezzanine capacity at our Peterborough Distribution Centres in order to facilitate new contract wins, installation of energy efficient LED lighting at our Selby site, and further fitout and hardware costs across our sites to accommodate growth in existing contracts.

Additions to right-of-use assets in the year ended 30 April 2021 were £61.6 million (2020: £13.8 million). £51.0 million (2020: £4.4 million) of these related to property leases and £7.1 million (2020: £6.8 million) related to vehicle leases. During the year we entered into new property leases at Sherburn, Lutterworth, a second facility in Sheffield and in Venray in the Netherlands.

The cash outlay on capital expenditure in the year of £9.7 million (2020: £9.1 million) was mitigated by £1.6 million (2020: £5.7 million) of funding for additions in the prior year drawn on hire purchase and finance lease agreements in the year under review.

In the year ended 30 April 2021, we disposed of assets with a net book value of £0.4 million, on which we generated a loss on disposal of £0.2 million.

In the prior year, we disposed of assets with a net book value of £0.4 million, on which we generated a profit on disposal of £0.1 million.

Clipper's outstanding capital expenditure commitment at 30 April 2021 was £12.0 million (2020: £3.6 million), reflecting the timing of investments in new and existing customer contracts.

Cash flow

Cash generated from operations was £86.9 million (2020: £60.4 million).

The business continues to be highly cash generative. Under the UK logistics business model, Clipper is typically paid in the month in which services are delivered on open book and minimum volume guarantee contracts, giving rise to a typically net favourable impact on working capital, whilst in the commercial vehicles division working capital is substantially funded by the manufacturer through stocking facilities for new vehicles and trade credit terms for parts supplied.

In the year ended 30 April 2021, we generated £13.3 million of cash inflow from working capital (2020: £1.3 million inflow).

There are a number of cash flows disclosed outside of cash flow from operating activities which occur regularly, although the magnitude of these can significantly change year-on-year.

These cash flows include dividends, drawdown and repayment of bank loans, sales and purchases of fixed assets (including repayments on assets purchased under finance leases), income tax payments, interest payments and share issues. Taking each of these in turn:

- dividends paid in the year ended 30 April 2021 amounted to £10.4 million, an increase of 2.0% on the prior year (2020: £10.2 million), and in line with our stated dividend policy;
- cash flows arising from the drawdown and repayments of bank loans were a £3.3 million outflow in the year ended 30 April 2021 (2020: £1.2 million inflow), as financing requirements were reduced in the year;
- net cash purchases of fixed assets amounted to £8.1 million in the year ended 30 April 2021 (2020: £6.7 million), with a further £49.8 million (2020: £43.3 million) of cash used to repay leases. Finance leasing and hire purchase funding remains an attractive means of funding for Clipper, as the future cash outflows can be funded through future cash inflows on open book contracts. Sales of non-current assets generated £0.2 million in the year ended 30 April 2021 (2020: £0.6 million);
- included within investing activities is £nil (2020: £2.9 million) of cash outflow relating to the business combination (see note 29 to the Group Financial Statements);
- income tax of £5.4 million was paid in the year ended 30 April 2021 (2020: £3.5 million), due to increased profitability in the year and the deferment of a payment relating to the prior year which was paid in the current year;
- interest paid decreased by £1.9 million to £1.1 million in the year ended 30 April 2021 (2020: £3.0 million), primarily due to decreased utilisation of the RCF over the course of the year and reduced borrowing levels on hire purchase contracts and stocking lines; and
- cash inflows of £0.3 million were generated from shares issued in the year ended 30 April 2021, compared with £0.1 million in the prior year.

Whilst the timing and magnitude of dividends, tax payments and interest payments can be predicted with relative certainty, the timing of drawdowns on bank loans and fixed asset-related cash flows is much more dependent on specific one-off projects, and so can quite easily fall into one financial period or the next.

Net debt[3]

In addition to EBIT[1], net debt[3] is considered a KPI for the Group. The Group had £16.9 million of net debt[3] outstanding at 30 April 2021 (2020: £45.1 million) (see note 21 to the Group Financial Statements), a decrease of £28.2 million. The decrease in net debt[3] was driven primarily by increased cash of £15.3 million, a reduction in hire purchase and finance lease contracts of £9.2 million and a £3.6 million decrease in bank loans. It is worth noting that where an open book customer has a strong credit rating, Clipper will often fund the initial capital requirements on the condition that the customer commits to repaying this over the term of the contract, together with finance charges and a management fee. At 30 April 2021, Clipper had £31.7 million (2020: £35.4 million) of capital contracted to be recovered from open book customers over the remaining term of the customer contracts.

Alternative performance measures ("APMs")

APMs are used by the Board to assess the Group's financial performance, for analysis and for incentive-setting purposes. These measures are not defined by International Financial Reporting Standards ("**IFRS**") and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry. The Operating and Financial Review has used APMs to aid comparability to the prior year.

APMs should be considered in addition to and are not intended to be a substitute for IFRS measurements. The table below reconciles APMs to statutory measures as defined by IFRS.

	Year ended April 2021 £m			Year ended April 2020 £m				
	Reported	**IFRS 16 impact**	**APM**	Reported	IFRS 16 impact	Excluding IFRS 16 impact	Non-underlying items[2]	APM
EBIT[1]	**39.8**	**(8.4)**	**31.4**	32.5	(8.4)	24.1	(3.5)	20.6
Net debt[3]	**223.7**	**(206.8)**	**16.9**	217.1	(172.0)	45.1	–	45.1

1 EBIT is defined as operating profit, including the Group's share of operating profit in equity-accounted investees and before the amortisation of intangible assets and other exceptional costs.
2 Non-underlying items in the year ended 30 April 2020 were £3.5 million 'negative goodwill' release relating to the IFRS 3 business combination (see note 29 to the Group Financial Statements).
3 Net debt is defined as financial liabilities: borrowings less cash and cash equivalents less non-current financial assets and leases previously classified as finance leases and hire purchase agreements under IAS 17.

David Hodkin
Chief Financial Officer
The Strategic Report on pages 1 to 55 was approved by order of the Board.

Marianne Hodgkiss
Company Secretary
24 August 2021

Board of Directors

Steve Parkin
Executive Chairman

Steve, a fashion logistics specialist, founded Clipper in 1992. As Executive Chairman, he is responsible for the strategic direction of the Group. Steve has extensive experience of retail logistics. He holds and pursues strategic level discussions with major retailers. In addition, he drives the Group's acquisition strategy.

Steve is the Chairman of the Nomination Committee.

Tony Mannix
Chief Executive Officer

Tony was appointed as Chief Executive Officer of the Group in May 2014. He joined Clipper in 2006 as Managing Director of the UK logistics division.

Tony studied Architectural Engineering at University, is a Fellow of the Chartered Institute of Logistics, a Fellow of the Institute of Couriers and is a highly experienced logistics professional with over 30 years of experience in both the in-house and third party sectors.

Tony has a particular interest in solution design and innovation and is a strong believer in supply chain collaboration, but equally believes that talent development and outstanding customer care should be at the heart of all good businesses.

David Hodkin
Chief Financial Officer

David joined Clipper as Group Chief Financial Officer in 2003. He held a variety of board level roles prior to joining Clipper, including group finance director of Symphony Group plc and finance director of Kunick Leisure Limited, and held a number of senior roles in Magnet Limited.

David is a member of the Chartered Institute of Management Accountants.

Christine Cross
Senior Independent Non-Executive Director

Christine joined the Group as Senior Non-Executive Director on 3 June 2020.

Christine is a highly experienced non-executive director, with FTSE 100 and FTSE 250 experience, and currently holds non-executive directorships with Coca-Cola Europacific Partners plc and Hilton Food Group plc (where she chairs the remuneration committees), and Zooplus AG. She is also chair of Oddbox, a PE-owned purpose-led D2C business. Previously, Christine served as a non-executive director on the boards of several retailers, including Next plc and Fenwick Ltd, and was chief retail advisor to PwC for five years.

Prior to this Christine had a 15 year executive career at Tesco where she was involved in a programme of acquisitions, and the establishment of a global direct sourcing operation, together with the leadership of Tesco's UK and International clothing business.

Christine is Chair of the Remuneration Committee, and a member of the Audit and Nomination Committees.

Stuart Watson
Independent Non-Executive Director

Stuart joined the Group as Non-Executive Director in March 2019.

Stuart is a Chartered Accountant and was a partner with Ernst & Young from 1998 until retiring from the partnership in 2017. Stuart was an audit partner working mainly with listed and private equity backed companies and was the senior partner for Yorkshire and the North East. He is also a member of the Council of the University of Bradford and of the University's audit committee.

Stuart is Chairman of the Audit Committee and is a member of the Nomination Committee and the Remuneration Committee.

Dino Rocos
Independent Non-Executive Director

Dino joined the Group as Non-Executive Director on 1 January 2020, and was appointed to be a member of the Nomination, Remuneration and Audit Committees on that date. Dino also holds positions as non-executive chair of Segura Systems Ltd and non-executive director with Microlise Group plc where he chairs the remuneration committee.

Dino is a Fellow of the Chartered Institute of Logistics and a highly experienced supply chain leader bringing with him over 40 years' retail industry experience at the UK's leading omni-channel retailer, John Lewis Partnership, where he served for many years as a senior management board member with responsibility for the development of supply chain strategies working within the industry to develop propositions, capabilities and fulfilment solutions.

Dino is the Group's designated Non-Executive Director with responsibility for engagement with the workforce ("**Workforce Representative**").

Stephen Robertson stepped down as Senior Independent Non-Executive on 3 June 2020.

Corporate Governance Report

"The Board is committed to high standards of corporate governance across the Group."

Steve Parkin
Executive Chairman

Chairman's introduction

Dear Shareholder,
I am pleased to present the Company's Corporate Governance Report for the year ended 30 April 2021. The Board recognises, understands and is committed to the high standards of corporate governance across the Group that are expected of all premium listed companies. During the year, the Company followed an approach which complied with the principles and provisions of the UK Corporate Governance Code (the "**Code**"), except for provisions 19 and 38 as detailed below. The report which follows describes how the Company has applied the Code during the year ended 30 April 2021.

Compliance with the Code
In July 2018 the Financial Reporting Council published a revised version of the Code which applies to premium listed companies in respect of accounting periods commencing on or after 1 January 2019. This applied to the Company in the financial year ended 30 April 2021. The Board recognises the importance of high standards of corporate governance and is committed to managing the Group's operations in accordance with the Code.

A full version of the Code can be found on the Financial Reporting Council's website www.frc.org.uk.

Provision 19 of the Code recommends that the chair should not remain in post beyond nine years from the date of first appointment to the board. Steve Parkin founded the Company in 1992, and led the business until its IPO in June 2014. At the time of IPO it was agreed that Steve was best placed to continue to chair the business, a role he has undertaken ever since. The Board considers that his considerable knowledge and experience from founding the Company and leading it for over 25 years have had a positive effect on the Company's performance. The Board believes that it is in the interests of the Company and its shareholders for Steve Parkin to remain as Chairman.

Provision 38 requires the pension contribution rates for Executive Directors to be aligned to the rates available to the wider workforce. As detailed on page 85, two of the Executives currently have rates higher than that available to the wider workforce, but these will be reduced to the workforce level by 1 January 2023, in line with the Investment Association's expectation.

This report, which incorporates reports from the Nomination and Audit Committees on pages 66 to 69 together with the Strategic Report on pages 1 to 55, the Directors' Remuneration Report on pages 70 to 85 and the Directors' Report on pages 86 to 90, describes how the Company has applied the principles of the Code.

Board leadership and Company purpose

Code principles	How we comply
A A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	See our Section 172(1) Statement on pages 8 and 9. Information on Board leadership can be found on page 61.
B The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	For more information please see pages 1, 3, and 14 to 17.
C The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	See our Audit Committee report on page 67 to 69.
D In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	See details of Board engagement on pages 61 to 65.
E The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.	For more information please see pages 32 to 39.

Division of responsibilities

Code principles	How we comply
F The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgment throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensure that directors receive accurate, timely and clear information.	The effectiveness of the Chair is a topic that the Board reviews as part of the Board evaluation process. The Senior Independent Director leads a discussion with the rest of the Board to ensure that the Chair's effectiveness is monitored and would feed back any areas of concern from this process. For more information please see page 63.
G The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.	Biographies of Board members are on pages 56 and 57. As at the date of this report, half of the Board are Independent Non-Executive Directors. See governance structure on pages 62 and 63 for details on roles and responsibilities.
H Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.	See meeting attendance on page 65, external directorships on page 62, and the skills matrix for Non-Executive Directors on page 64.
I The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	The Directors are provided with information packs in advance of meetings. The packs were reviewed as part of the Board evaluation process, as detailed on page 63.

Composition, succession and evaluation

Code principles	How we comply
J Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	For more information please see page 63 and the Nomination Committee report on page 66.
K The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.	See pages 56 to 57 for the biographies of Board members, including tenure. Page 64 shows the skills matrix of our Non-Executive Directors.
L Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	See page 63 for details of the externally facilitated Board evaluation carried out in the year.

Audit, risk and internal control

Code principles	How we comply
M The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.	See our Audit Committee report on pages 67 to 69.
N The board should present a fair, balanced and understandable assessment of the company's position and prospects.	See page 90 for our Statement of Directors' Responsibilities.
O The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long term strategic objectives.	See pages 46 to 49 for our Risk management report.

Remuneration

Code Principles	How we comply
P Remuneration policies and practices should be designed to support strategy and promote long term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.	Our remuneration policies have been designed with consideration of wider workforce remuneration and related policies as well as the alignment of incentives and rewards with our strategy.
Q A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.	See pages 79 to 85 for our Remuneration Policy, which received 98.86% approval at our 2020 AGM.
R Directors should exercise independent judgment and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	As detailed on page 83, the Remuneration Committee can apply discretion to outcomes. Details of discretion applied by the Remuneration Committee in respect of outcomes for the year ended 30 April 2021 are detailed on page 70.

Board leadership and Company purpose

During the year the Board consisted of three Executive Directors and three Non-Executive Directors.

On 3 June 2020 Stephen Robertson stepped down from the Board and was replaced by Christine Cross, who took over from Stephen as Senior Independent Non-Executive Director, Remuneration Committee Chair, and a member of the Audit and Nomination Committees.

The above changes were part of a planned succession and rotation process following an internal Board review.

Biographies and profiles of the current members of the Board appear on pages 56 and 57. All new Board members undertake a thorough induction process, including one-to-one meetings with all Senior Management Team ("**SMT**") and Board members, brokers and advisors, as well as visits to key sites.

The Board is responsible for providing effective and entrepreneurial leadership, to promote the long-term sustainable success of the Group, generating value for shareholders and contributing to wider society. The Board is responsible for establishing the Company's purpose, value and strategy, and ensuring that these are aligned with the Group's culture. The Company's purpose is defined on page 1. The Board ensures that the necessary financial and human resources are in place for the Company to meet its objectives and measure performance against them. The Board is also responsible for ensuring the maintenance of a sound system of internal control and risk management (including financial, operational and compliance controls, and for reviewing the overall effectiveness of systems in place) and for the approval of any changes to the capital, corporate and/or management structure of the Group. In order to meet its responsibilities to shareholders and other stakeholders, the Board engages with and encourages participation from these parties.

Communication with shareholders

The Board considers effective communication with its investors, whether institutional, private or employee shareholders, to be extremely important and we have set ourselves the target of providing information that is timely, clear and concise.

During the year ended 30 April 2021, the Company met regularly with analysts and institutional investors, and such meetings will continue. These meetings were mostly held remotely due to the COVID-19 pandemic, but in normal times would include a mixture of remote and in-person meetings. The Executive Chairman, Chief Executive Officer and Chief Financial Officer have responsibility for investor relations and they meet institutional investors regularly to provide an opportunity to discuss, in the context of publicly available information, the progress of the Group. Certain members of the SMT also support the Executives by meeting analysts, institutional investors and potential investors.

The Company also has the support of its retained financial PR advisors, Buchanan, and joint corporate brokers, Numis Securities and Shore Capital, which, amongst other matters, assist in organising presentations for analysts and institutional investors and ensure that procedures are in place to keep the Board regularly informed of such investors' views. Reports from analysts and brokers are circulated to the Board.

Subject to COVID-19 restrictions, the formal reporting of our full and half year results will be a combination of presentations, group calls and one-to-one meetings in a variety of locations where we have institutional shareholders. All the Non-Executive Directors and the Executive Chairman are available to meet with major shareholders if they wish to raise issues separately from the arrangements as described above. The Company's investor website is regularly updated with news and information, including this Annual Report and Accounts, which sets out our strategy and performance together with our plans for growth.

Where relevant, Committee Chairs seek engagement with shareholders on significant matters – an example of this was in respect of the changes to the Directors' Remuneration Policy approved at the Company's AGM in 2020. Major shareholders and proxy advisors were consulted on the proposed changes prior to the publication of the 2020 Annual Report and Accounts, in order to explain more fully the rationale behind the changes, and to seek their support for the revised policy ahead of the AGM last autumn.

Stakeholder engagement

As detailed in the Strategic Report on pages 6 to 9, the Board considers the views of its wider stakeholders in Board discussions and decision making, in order to fulfil its responsibilities under section 172(1) of the Companies Act 2006.

The Board considers the Group's employees and wider workforce to be integral to the success of the Group, and the Group's most valuable asset. As such, engagement with the workforce is of vital importance to the Board. Further detail about the Group's engagement with employees is shown on page 6.

During the year ended 30 April 2021, the Group used a combination of methods for engaging with the workforce, which included the following:

- staff councils at each site, where issues could be raised and fed back to the Group HR team;
- providing access to an independent employee feedback and complaints hotline called 'SeeHearSpeakUp', where employees and agency workers can log concerns. These are reported back to management (anonymously if requested) so that an investigation can be undertaken and appropriate action taken to address the concerns; and
- an employee survey to assess employee engagement, and to ascertain any key areas of concern and set a forward action plan.

The Group HR team provides a summary to the Board on a quarterly basis (or more frequently if there is a specific issue that needs to be highlighted) detailing the key issues raised through the staff councils and SeeHearSpeakUp. The Board considers these issues and the remedial action required, and feedback from the Board is provided to staff via the staff councils, detailing the action instructed by the Board to remedy the issues.

During the year ended 30 April 2021, Dino Rocos was appointed as designated Workforce Representative, and is working closely with the Group Chief People Officer and Chair of the Remuneration Committee to drill down into the results of the employee engagement survey and provide guidance on suggested actions. Working with the Group Chief People Officer, Dino will ensure that the Group complies with its obligations in respect of engagement with the workforce, in order to ensure that engagement and satisfaction within the workforce is as high as possible, with everyone working to achieve the Group's objectives.

Due to the COVID-19 pandemic, Dino has been unable to attend sites to meet workforce representatives and have direct dialogue with the workforce, but sessions will be planned as soon as possible after restrictions lift.

As a result of the employee engagement activities, the Board has reviewed in detail the issues surrounding the Company's gender pay gap, and what can be done to enhance the number of women in senior roles (such as 'family friendly' policies), and has also supported a comprehensive review of the Company's compensation and benefits packages, and a workforce benchmarking exercise to ensure all employees are appropriately rewarded for the job they do.

Conflicts of interest
In line with the requirements of the Companies Act 2006, each Director has notified the Board of any situation in which he or she has, or could have, a direct or indirect interest that conflicts, or may conflict, with the interests of the Company ("**situational conflict**"). These were considered and approved by the Board in accordance with the Company's Articles of Association (the "**Articles**") and each Director informed of any relevant authorisation and the terms on which it was given. In furtherance of this obligation, each Director has notified the Board of all his/her business interests and those of his/her connected persons. The Register of Directors' Interests is updated annually and as otherwise required. The Board has formal procedures to deal with Directors' conflicts of interest.

The Board reviews and, where appropriate, approves when situational conflicts arise and are reported to it by Directors. A register of such situational conflicts is maintained and will be reviewed by the Board going forward.

Division of responsibilities

Role of the Executive Chairman and Chief Executive Officer
The Board is chaired by Steve Parkin, who is the Executive Chairman. The Executive Chairman is responsible for the leadership and overall effectiveness of the Board and setting the Board's agenda, having regard to the interests of all stakeholders and promoting high standards of corporate governance. The Executive Chairman is also responsible for facilitating constructive Board relations and the effective contribution of all Non-Executive Directors, and ensuring that all Directors receive accurate, timely and clear information.

Tony Mannix is the Chief Executive Officer and is responsible for implementing the Board's strategy and leading the SMT. The role is distinct and separate to that of Executive Chairman and clear divisions of accountability and responsibility have been agreed by the Board.

The Code indicates at provision 13 that the chairman should hold meetings with non-executive directors without the executive directors present. Although Steve Parkin as Executive Chairman also has an executive function, he has met with the Non-Executive Directors as a group without the other Executive Directors present, and the Senior Independent Director has also done so, as recommended under provision 12. The Chairman has also met virtually with individual Non-Executive Directors on a one-to-one basis throughout the year, at which meetings Board performance and other appropriate matters were discussed.

Role of the Senior Independent Director
The Code indicates (at provision 12) that the board of directors of a company with a premium listing on the Official List should appoint one of the non-executive directors to be the senior independent director to provide a sounding board for the chairman and to serve as an intermediary for the other directors and shareholders when necessary. The senior independent director should be available to shareholders if they have concerns which contact through the normal channels of the chairman, chief executive officer or other executive directors has failed to resolve or for which such contact is inappropriate.

On 3 June 2020 Stephen Robertson stepped down from the Board, and Christine Cross was appointed in his place as Senior Independent Director.

Whilst the Senior Independent Director (and the other Non-Executive Directors) are available to meet with shareholders to discuss issues and concerns, no such meetings have been requested by shareholders. The Senior Independent Director also meets with the Executive Chairman on a weekly basis and holds regular meetings with other Non-Executive Directors with no Executive Board member present.

Notwithstanding this, we have maintained dialogue with our major shareholders and, overall, the Board believes that appropriate steps have been taken throughout the year to ensure that members of the Board, including the Non-Executive Directors, develop an understanding of the views of major shareholders. These steps include attending the AGM, receiving feedback on other shareholder meetings and analysts' and brokers' briefings on a regular basis.

Board balance and independence
The Code recommends that at least half the board of directors of UK listed companies, excluding the chairman, should comprise non-executive directors determined by the board to be independent in character and judgment and free from relationships or circumstances which may affect, or could appear to affect, the directors' judgment.

The Board regards all of the Non-Executive Directors as Independent Non-Executive Directors within the meaning of the Code and free from any business or other relationship that could materially interfere with the exercise of their independent judgment.

As part of the Board evaluation process carried out during the year, independence was assessed, and all Non-Executive Directors continue to be considered independent. The Board believes that the current directorate supports its ability to develop the Group's operations.

Board committees
Subject to those matters reserved for its decision, the Board has delegated to its Nomination, Audit, Remuneration and Executive Committees certain authorities. There are written terms of reference for the key committees available on the Company's website. Separate reports for each of the Nomination, Audit and Remuneration Committees are included in this Annual Report and Accounts from pages 66 to 85.

External appointments and time commitment
The Executive Directors may accept outside appointments provided that such appointments do not in any way prejudice their ability to perform their duties as Executive Directors of the Company, and prior approval of the Board must be obtained.

Appointment letters for Non-Executive Directors are not specific about the maximum time commitment, recognising that there is always the possibility of an additional time commitment and ad-hoc matters that may arise from time to time, particularly when the Group is undergoing a period of increased activity. The average time commitment inevitably increases where a Non-Executive Director assumes additional responsibilities such as being appointed to a Board committee or as a Non-Executive Director on the boards of any of the Company's subsidiaries. Each Non-Executive Director has to notify and seek Board approval prior to taking on a future plc commitment and give assurance that they have the requisite time to devote to their fiduciary responsibilities within Clipper.

Role of the Company Secretary
Marianne Hodgkiss is the Company Secretary. The role of the Company Secretary, under the direction of the Executive Chairman, is to advise the Board on all governance matters. This includes supporting the Executive Chairman and Non-Executive Directors as appropriate, managing Board and committee meetings, ensuring that appropriate levels of Directors' and officers' insurance is in place and that the Group is compliant with statutory and regulatory requirements.

Composition, succession and evaluation

Election of Directors
The Board has established a Nomination Committee to lead the process for appointments and succession planning for both Board and SMT positions. As required by the Code, the majority of members of the Nomination Committee are Independent Non-Executive Directors. Further detail about the role and responsibilities of the Nomination Committee is shown in the Nomination Committee report on page 66.

The Board can appoint any person to be a Director, either to fill a vacancy or as an addition to the existing Board, provided that the total number of Directors does not exceed 12, the maximum prescribed in the Company's Articles. Any Director so appointed by the Board shall hold office only until the following AGM and shall then be eligible for election by the shareholders.

In accordance with the Articles, at every AGM of the Company, one-third of the Directors, or the number nearest to but not less than one-third, shall retire from office. The Directors to retire shall be, first, those who wish to retire, and then those who have been longest in office since their last appointment or re-appointment. When a Director retires at an AGM in accordance with the Articles, the Company may, by ordinary resolution at the meeting, fill the office being vacated by re-electing the retiring Director. If the Company does not fill the vacancy at the meeting, the retiring Director shall nevertheless be deemed to have been re-elected, except in the cases identified by the Articles.

As recommended by the Code, notwithstanding the Company's Articles, the Directors have determined that all Directors shall retire from office annually at the AGM, and shall be eligible for re-appointment at that same AGM. At the 2021 AGM Steve Parkin, Tony Mannix, David Hodkin, Christine Cross, Stuart Watson and Dino Rocos will be offering themselves for re-election. The Company's AGM will be held at Squire Patton Boggs (UK) LLP, 6 Wellington Place, Leeds, LS1 4AP on 12 October 2021 at 11.00am.

Appointment of Non-Executive Directors
The Code indicates (at provision 20) that open advertising and/or an external search consultancy should generally be used for the appointment of the chair and non-executive directors.

Given the timing of Stephen Robertson's departure, and the wish to augment the Board quickly, house brokers were approached for recommendations for an Independent Non-Executive Director who could chair the Remuneration Committee and fulfil the role of Senior Independent Director. An internal capability review and interview process was conducted, as a result of which Christine Cross was selected. A full process of succession planning is now in place to facilitate future appointments through an external search consultancy and/or open advertisement process.

Board evaluation
The Code indicates (at provision 21) that the Board should undertake a formal and rigorous annual evaluation of its performance. The Board is committed to and is fully aligned with the benefits to be derived from a regular Board evaluation which is viewed as a critical component of the Board's agenda for continuing improvement of its corporate governance.

The effectiveness of the Board is essential to the success of the Group. During the year an externally facilitated Board evaluation process was undertaken using Advanced Boardroom Excellence Ltd ("**ABE**"). The evaluation process was conducted via online questionnaires and in-depth individual telephone interviews with each member of the Board and the Company Secretary. The process reviewed issues such as: the assessment and monitoring of the Company's strategy; the mix of knowledge and skills on the Board; succession; and the effectiveness of the Board and the Directors. The same evaluation process was used for each of the Audit, Remuneration and Nomination Committees.

As well as evaluating the responses to the online questionnaires and telephone interviews, ABE also conducted a detailed review of documentation, including Board and committee information packs, minutes from Board and committee meetings, and the terms of reference for the committees.

ABE provided a detailed report outlining its findings in respect of the performance and effectiveness of the Board and each committee, and provided recommendations for areas of improvement. A separate report was provided detailing findings and recommendations in respect of the documentation reviewed.

Both reports were discussed by the Board as a whole, and the relevant parts were discussed by each committee.

The results of the evaluation were generally positive with the Board and committees performing ahead of ABE's benchmark, and key actions to undertake to enhance or maintain performance of the Board and committees have been agreed and will be monitored throughout the current financial year.

Following feedback from ABE, minor changes to the committee terms of reference were made, and changes were made to the content and structure of the Board packs to enhance the management information provided to the Board.

The Board is satisfied that each Director remains competent to discharge his or her responsibilities as a member of the Board.

It is the Company's intention to undertake an internal Board evaluation in 2022 and this process will be led by the Senior Independent Director and Company Secretary. The Board intends to have an externally facilitated Board evaluation at least every three years.

Training and development

The Group has an induction and training process for new Directors. New Directors receive a detailed induction on joining the Board, including meeting other members of the Board and the SMT.

Due to the pandemic, our newest Non-Executive Directors (Dino Rocos and Christine Cross) have had limited opportunity to visit the Group's sites, but they have had virtual meetings with all key members of the Senior Management Team and other key personnel in order to gain a full understanding of the Group's activities and challenges.

New Directors are encouraged to visit the Group's sites and to provide feedback to the Board. The Group's Company Secretary periodically reports to the Board on any new legal, regulatory and governance developments that affect the Group and, where necessary, actions are agreed and additional training is provided. As ESG is a key matter for all stakeholders, specific training and guidance on ESG has been provided to the Board by an external advisor.

Update training was provided on corporate governance, including S.172(1) requirements, modern slavery reporting reforms, workforce engagement, diversity and the Market Abuse Regulation.

The Board also reviewed and discussed guidance notes issued by proxy advisors and professional firms in respect of the COVID-19 pandemic – for example in relation to remuneration, dividends, AGMs, reporting requirements etc.

The FRC's Lab Reports were also reviewed and discussed in respect of upcoming reporting requirements (e.g. TCFD) and audit reforms.

In addition to the above, individual members of the Board also attended numerous webinars hosted by third party professional firms/subject matter experts on a variety of topics including governance, risk, technology and digital trends, sustainability and ESG, employee engagement, corporate reporting reforms and consumer trends.

Skills matrix

During the year, the Nomination Committee assessed the skills and competencies of the Non-Executive Directors to ensure that the Board as a whole possess the necessary skills and competencies to achieve the Group's strategy. A summary of the skills matrix assessment is below:

Strategic pillar	Skill component	NEDs /3
• Build on market-leading proposition to expand customer base	Strategy	3
	Supply chain logistics	3
	Customer / retail / e-commerce	2
	Marketing	1
• Develop new, complementary products and services	Digital technology	2
	Automation	1
• Continue European expansion and explore acquisition opportunities	People	3
	Audit / risk / finance	2
	International	1
	M&A	2
• Drive environmental and social change	Environment	2
	Sustainability	3
	People	3

Board activity during the year ended 30 April 2021

The Board delegates to management the day-to-day running of the business within defined risk parameters. Board meetings are scheduled to coincide with key events in the corporate calendar and this includes the interim and final results and AGM.

The Board has adopted a formal schedule of matters reserved for its approval and has delegated other specific responsibilities to its committees. The standing Board agenda includes regular reports from the Chief Executive Officer and the Chief Financial Officer on the operational and financial performance of the Group, together with feedback from the Non-Executive Directors on their engagement with the business.

It includes a rolling agenda of reports from the Nomination Committee, the Audit Committee and the Remuneration Committee together with various other key operational, strategic, governance and risk topics. The latter are regularly updated to ensure the Board is responsive to the operational and strategic issues affecting the business.

A Corporate Strategy Day was held in July 2020 to review the Group's merger and acquisition strategy and market position, and Operational Strategy sessions were held in December 2020 and January 2021 to review the Group's Operational and People strategies. The Board does not delegate key strategic, operational and financial issues or other matters specifically reserved for the Board.

The following matters (amongst others) were considered or dealt with at Board meetings during the year:

Build on market-leading proposition to expand customer base

- approval and consideration of strategic initiatives and plans, including major new contracts;
- Brexit and its continued impact, and actions Clipper could take to assist customers;
- review of transport capabilities and strategy, and plan for enhancing shared-user / click and collect network;
- IT strategy review;
- Operational strategy review; and
- likely impact of COVID-19 on consumer behaviour, and the consequences for Clipper on such behavioural changes.

Develop new, complementary products and services

- review of Group strategy and current positioning, including entry into Life Sciences vertical;
- automation/robotics, business intelligence, and data analytics and their role in the business; and
- review of potential for consolidation centres to help with the recovery of the high street post COVID-19.

Continue European expansion and explore acquisition opportunities
- consideration of potential acquisitions;
- European strategy review; and
- debt facilities available to the Group to fund potential acquisitions.

Drive environmental and social change
- discussions on diversity of the Board and SMT, and how to increase this;
- appointment of Dino Rocos as designated workforce Non-Executive Director;
- succession planning strategy;
- formation of ESG steering committee, chaired by the CEO and supported by the Senior Independent Director;
- appointment of external advisors to assist with development and implementation of ESG strategy;
- COVID-19 health and safety measures to ensure safety of employees and compliance with regulations;
- further enhancement of workforce engagement methods;
- employee Listening Survey results and actions required;
- launch of employee well-being programme;
- recruitment and talent development;
- gender pay gap report, and actions to understand and address the pay gap;
- family friendly policies;
- enhancements to Fresh Start programme;
- review of the SMT structure, and promotions within the team;
- broad-banding and benchmarking of management salaries; and
- management bonus scheme structure and communication.

In addition to the matters above, the Board held weekly update calls during May 2020 to discuss the impact of COVID-19 on the business.

All Directors have access to the advice and services of the Company Secretary who has responsibility for ensuring compliance with the Board's procedures. All Directors have the right to have their opposition to or concerns over any Board decision noted in the minutes. The Board has adopted guidelines by which Directors may take independent professional advice at the Company's expense in the performance of their duties.

The Board has a full programme of Board meetings planned for the financial year ending 30 April 2022. At these meetings, the Board will review the Group's long-term strategic direction and financial plans and monitor on a regular basis the Group's performance against an agreed business plan.

The Board will also continue to take action to ensure compliance with the requirements under the Code and the Companies (Miscellaneous Reporting) Regulations 2018.

In addition, the Board will agree key objectives for the Group on an annual basis and will monitor performance against these objectives.

Meetings and attendance

In the year under review, the Board held ten meetings and various Board committee meetings were also held with attendance as follows:

Director	Role	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings
Steve Parkin	Executive Chairman	10/10			4/4
Tony Mannix	Chief Executive Officer	10/10			
David Hodkin	Chief Financial Officer	10/10			
Christine Cross[1]	Senior Independent Non-Executive Director	9/9	3/3	5/5	3/3
Stuart Watson	Independent Non-Executive Director	10/10	3/3	5/5	4/4
Dino Rocos	Independent Non-Executive Director	10/10	3/3	5/5	4/4
Stephen Robertson[2]	Senior Independent Non-Executive Director	1/1	0/0	0/0	1/1

1 Appointed 3 June 2020
2 Resigned 3 June 2020

In addition to the general Board meetings above, Board calls/meetings were also held for specific matters, including Board changes, COVID-19 strategy, key acquisitions, M&A strategy and Operational strategy.

The Chairman is responsible for ensuring that the Directors receive accurate, timely and clear information. Prior to each scheduled Board meeting, a Board pack is circulated. This Board pack includes an update on key performance targets, trading performance against budget and detailed financial data and analysis.

Board packs are distributed a minimum of five working days in advance for Directors to review their papers prior to the meeting. Directors make every effort to attend all Board and applicable committee meetings, as evidenced by the strong attendance records over many years. Exceptionally, if in-person attendance is not possible, dial-in meetings are permissible. Where, exceptionally, a Director is unable to attend a meeting, it is Board policy that the Chair and/or the Company Secretary will, as soon as possible, brief the Director fully on the business transacted at the meeting and on any decisions that have been taken. In addition, the views of the Director are sought ahead of the meeting and conveyed to those attending by the Chair and/or the Company Secretary as appropriate.

In addition to the Board and committee meetings, and in line with the Code, the Senior Independent Director holds meetings at least annually with the Non-Executive Directors without the Executive Directors present, and did so on ten occasions during the year to 30 April 2021.

Nomination Committee Report

> I am pleased to present the report of the Nomination Committee for the year ended 30 April 2021."

Steve Parkin
Executive Chairman

Committee Chairman's introduction

The Nomination Committee (the "**Committee**") is a key committee of the Board whose role is to keep the composition and structure of the Board and its committees under review.

The Committee's role also includes enhancing the quality of nominees to the Board and ensuring that the recruitment and appointment process is conducted with rigour and integrity.

The Committee is proactive in discharging its responsibilities, cognisant of the importance of succession planning and the need to align Board and executive leadership skills to the Company's long-term strategy. I hope this report gives you a helpful insight into how the Committee operated in the year ended 30 April 2021, and how it intends to carry out its responsibilities in the year ahead.

Composition

The Code recommends that a majority of the members of a nomination committee should be independent non-executive directors.

The Nomination Committee is chaired by Steve Parkin and its other members are Christine Cross, Dino Rocos and Stuart Watson. Until 3 June 2020, Stephen Robertson was also a member of the Committee.

Roles and responsibilities

It is intended that the Committee will meet as often as required but not less than two times a year to assist the Board in discharging its responsibilities relating to the composition and make-up of the Board and Senior Management Team ("**SMT**"), and any committees of the Board.

It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise.

The Committee is responsible for evaluating and making recommendations to the Board on:

- the balance of skills, knowledge and experience of the Board and committees;
- the size, structure and composition of the Board and committees of the Board;
- retirements and appointments of additional and replacement Directors and committee members; and
- succession planning for Board and senior management positions.

Diversity

Whilst the Group pursues diversity, including gender and ethnic diversity, throughout the business, and the Board endorses the aspirations of the Davies Review of women on Boards and the Parker Review on ethnic diversity, the Board is not currently committing to any specific diversity targets.

Instead, the Board will engage executive search firms which have signed up to the voluntary code of conduct setting out the seven key principles of best practice to abide by throughout the recruitment process and will continue to follow a policy of appointing talented people at every level to deliver high performance. The Committee and Board instruct all executive search firms to ensure that any short lists put forward for Board or senior management roles include a diverse range of candidates. It is Group policy to make all appointments based on the best candidate for the role regardless of gender or other diversity. The Board will also ensure that its own development in this area is consistent with its strategic objectives and enhances Board effectiveness.

Led by the Senior Independent Director, a working group from the SMT has commenced a project to identify barriers to succession to senior roles for women, and actions that the Company can take to remove or reduce these barriers. Further detail is contained on page 45.

Activities in the year ended 30 April 2021

The Committee met four times during the financial year and considered, inter alia, the following matters:

- succession planning for the Executive Director roles;
- resilience planning for the Executive Director roles, including increasing exposure of key members of the SMT to investors;
- the recruitment of a new Independent Non-Executive Director given Stephen Robertson's length of tenure;
- the structure of the SMT, and appointments and promotions within this team;
- potential enhancements required to key functions such as IT and Legal;
- consideration of Board diversity;
- the Board evaluation feedback and actions required;
- revision to Committee terms of reference; and
- changes to committee memberships and chairpersonships.

On 3 June 2020, Stephen Robertson resigned as a Director, and was replaced by Christine Cross, who now chairs the Remuneration Committee and is a member of the Nomination and Audit Committees. Christine also replaced Stephen as Senior Independent Non-Executive Director.

Audit Committee Report

"In this report, I explain the Committee's role in ensuring that shareholder interests are properly protected in relation to financial reporting and internal control."

Stuart Watson
Chairman, Audit Committee

Committee Chairman's introduction

I am pleased to present the Audit Committee's report for the year ended 30 April 2021.

The Audit Committee (the "**Committee**") considers that it has acted in accordance with its terms of reference. The terms of reference were last reviewed and approved for adoption by the Board on 29 April 2021. They are available for review on the Company website at www.clippergroup.co.uk/committee-terms-of-reference.

The primary function of the Committee is to assist the Board in fulfilling its responsibilities to protect the interests of shareholders regarding the integrity of the financial reporting, audit, risk management and internal controls.

In this report, I explain how the Committee has discharged these responsibilities, with specific reference to the requirements of the Code, to address significant financial statement reporting issues and to explain how the Committee assessed external audit effectiveness and safeguards in relation to the provision by the auditor of non-audit services.

In particular, in the year under review we have considered the impact of both Brexit and the COVID-19 pandemic and undertaken a review of the reporting and controls implications of regulations on Environmental, Social and Governance issues.

The Committee welcomes constructive engagement with shareholders on significant matters related to the Committee's areas of responsibility. The Chair can be contacted via the Company Secretary.

Composition

The Code recommends that an audit committee should comprise at least three, or in the case of smaller companies two, independent non-executive directors (other than the chairman) and that at least one member should have recent and relevant financial experience. Clipper's Audit Committee is chaired by Stuart Watson. Dino Rocos served on the Committee throughout the year under review. Stephen Robertson served on the Committee until he resigned on 3 June 2020 and Christine Cross joined the Committee on her appointment as a Non-Executive Director on 3 June 2020.

The Directors consider that Stuart Watson has recent and relevant financial experience in accordance with the Code, and that the Committee as a whole has relevant experience in the sector in which the Group operates. The Company is therefore compliant with the Code in this regard. Other Directors or senior financial management attend meetings of the Committee by invitation

During the year an external evaluation of the Committee's performance was undertaken as part of the Board evaluation process. This is explained further in the Corporate Governance Report on page 63. The review found the Committee to be well composed, effective and well run. A number of recommendations were made which were incorporated into the updated Committee terms of reference adopted on 29 April 2021.

Roles and responsibilities

The Committee assists the Board in discharging its responsibilities with regard to:

- agreeing the scope of the annual audit and the annual audit plan, and monitoring the same;
- monitoring, making judgments and recommendations on the financial reporting process and the integrity and clarity of the Group Financial Statements, and any formal announcements relating to financial performance;
- considering the appointment of the Group's auditor and its remuneration, including reviewing and monitoring independence and objectivity and agreeing and monitoring the extent of the non-audit work that may be undertaken; and
- reviewing and monitoring the adequacy and effectiveness of the internal control and risk management policies.

The Committee gives due consideration to laws and regulations, the provisions of the Code and the requirements of the Listing Rules.

The ultimate responsibility for reviewing and approving the Annual Report and Accounts and the Half Year Results remains with the Board.

The Board has requested that the Committee advise it on ensuring that the Financial Statements, when taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Activities in the year ended 30 April 2021

During the year, the Committee met three times. Following the year end the Audit Committee has held two further scheduled meetings. A summary of the main areas dealt with by the Committee is set out below:

Financial Statements

- review of the Financial Statements and narrative reporting in the Annual Report and Accounts for 2020, and in the Half Year Results to 31 October 2020, with particular reference to the reports being fair, balanced and understandable;
- review of the key judgments and significant estimates together with accounting matters such as going concern in the Annual Report and Accounts for 2020 and 2021, and in the Half Year Results to 31 October 2020;
- review of the Stock Exchange announcements for the Full Year Results for 2020 and the Half Year Results to 31 October 2020; and
- consideration of the findings from the external audit for the year ended 30 April 2020.

Control environment and risk management

- review of risk management policies and the updated risk register, including consideration of the impact of both the COVID-19 pandemic and the UK's exit from the EU;
- review of the going concern and viability assessments and the statement of compliance, including determination of the assessment period and the robustness of the scenarios tested;
- review of the Group's assessment of its internal control environment, including review of the completed internal control self-assessments; and
- discussion around the Code on risk management, internal control, viability and going concern.

External audit

- discussion with the auditor over the audit planning, with particular reference to significant risks highlighted in the planning documents, together with the audit scope and timetable;
- meetings with the auditor without management present, to consider any potential areas of concern;
- approval of the terms of appointment, areas of responsibility and duties;
- approval of the auditor's remuneration in respect of the year ended 30 April 2021;
- auditor's confirmation of independence; and
- review of auditor's effectiveness;

Specific matters and key issues that the Committee were presented with include:

- IFRS 16 impact for the year ended 30 April 2021;
- ESG reporting;
- principal key risks and uncertainties and how the business is mitigating these risks; and
- other key matters management believes to be material to the Financial Statements.

Discussions were held by members during the meetings and challenges, in particular, were made by the Committee on the above points. Where further action or support was required to make informed conclusions, points of order were raised to follow up at the subsequent meeting.

Due to the significant impact of ESG reporting in the year ended 30 April 2021, particular focus was placed on ensuring the report was in line with Streamlined Energy and Carbon Reporting (SECR) and Companies Act 2006 requirements.

The Committee also reviewed its own terms of reference and minor changes were made to the updated terms which were approved on 29 April 2021. The Committee and the Board were satisfied that the Committee and its members operate effectively individually and collectively.

Financial reporting significant risks

The Committee, together with the Board, considered what the significant risks and issues in relation to the Financial Statements were and how these would be addressed. The most significant risks addressed are set out below:

Revenue recognition

The Group has a multiplicity of complex contract mechanisms. As a result, there could be a risk of misstatement of revenue.

To mitigate this risk, the revenue recognition methodology adopted is kept under regular review to ensure that it remains appropriate.

Overdue debtors

The Group's customers include high street retailers who have faced extremely difficult trading conditions during the COVID-19 pandemic when government regulation required them to close for significant periods. This has created a heightened risk of bad debt.

To mitigate this risk, increased Board focus has been placed on the ageing of debt together with any external indicators of financial distress of our customers.

External auditor

The Committee oversees the relationship with the external auditor and considers the re-appointment of the Group's auditor, before making a recommendation to the Board to be put to shareholders.

Following the 30 April 2020 year end, the Committee conducted a review of the external auditor's performance and ongoing independence, taking into consideration input from management, responses to questions from the Committee and the audit findings reported to the Committee. Based on this information, the Committee concluded that the external audit process had been efficiently run and that RSM UK Audit LLP proved effective in its role as external auditor. In accordance with best practice and professional standards, the external auditor is required to adhere to a rotation policy whereby the audit engagement partner is rotated after five years.

The audit was last subject to a tender during the year to 30 April 2020. The current audit engagement partner has served for two years. The external auditor is also required periodically to assess whether, in its professional opinion, it is independent and those views are shared with the Committee.

The Committee has authority to take independent advice as it deems appropriate in order to resolve issues on auditor independence. No such advice has, to date, been required.

The external auditor provided the Committee with information for review about policies and procedures for maintaining its independence and compliance regarding the rotation of audit partners and staff. Separate external firms are engaged for taxation advisory services.
The Committee is satisfied that the independence of RSM UK Audit LLP is not impaired.

Furthermore, RSM UK Audit LLP has provided an independence report to the Committee, in which it has confirmed that it is independent, that its objectivity is not compromised, and that it has complied with the FRC's ethical standards (including in relation to the supply of non-audit services).

RSM UK Audit LLP received £10,000 in respect of the review of the interim results (2020: £nil). No other fees were payable to RSM UK Audit LLP in the year (2020: £nil).

Internal audit
The Board has considered the benefits that an internal audit function might bring to the Group. It has concluded that, due to the nature of those control weaknesses identified by the external auditor, tight financial controls in place across the Group, and the close management of financial matters by the Executive Directors, an internal audit function would not currently provide additional assurance.

In terms of operational matters, the specialised nature of the Group's activities mean that a non-specialist internal audit function would not provide additional comfort over the Group's operational management. The Board will continue to evaluate this matter, and the Committee will formally consider the issue annually, in accordance with provision 25 of the Code.

Internal control and risk management
The Board is responsible for the overall system of internal controls for the Group and for reviewing its effectiveness.

It carries out such a review at least annually, covering all material controls including financial, operational and compliance controls and risk management systems.

The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Operating policies and controls are in place and have been in place throughout the financial year under review, and cover a wide range of issues including financial reporting, capital expenditure, IT, business continuity and management of employees.

Detailed policies ensure the accuracy and reliability of financial reporting and the preparation of the Financial Statements, including the consolidation process. The key elements of the Group's ongoing processes for the provision of effective internal control and risk management systems, in place throughout the year and at the date of this report, include:

- regular Board meetings to consider matters reserved for the Board's consideration;
- regular management reporting, providing a balanced assessment of key risks and controls;
- an annual Board review of corporate strategy, including a review of material business risks and uncertainties facing the business;
- established organisational structure with clearly defined lines of responsibility and levels of authority;
- documented policies and procedures; and
- regular review by the Board of financial budgets, forecasts and covenants.

In reviewing the effectiveness of the system of internal controls, the Committee receives self-assurance statements from the members of the SMT who are responsible for the principal business units, confirming that controls and risk management processes in their business units have been operated satisfactorily. These returns are reviewed by the Committee and challenged where appropriate. The Deputy CFO is responsible for compiling and maintaining a risk register to monitor all of the risks facing the business.

The key risks are summarised for review and approval by the Committee for inclusion in the Annual Report. In addition, the Committee reviews the financial and accounting controls.

In respect of the Group's financial reporting, the finance department is responsible for preparing the Group Financial Statements using a well-established consolidation process and ensuring that accounting policies are in accordance with International Financial Reporting Standards. All financial information published by the Group is subject to the approval of the Committee.

There have been no changes in the Group's internal controls during the financial year under review that have materially affected, or are reasonably likely to materially affect, the Group's control over financial reporting.

The Board, with advice from the Committee, is satisfied that effective systems for internal control and risk management are in place which enable the Group to identify, evaluate and manage key risks. These processes have been in place throughout the financial year ended 30 April 2021 and up to the date of approval of the Financial Statements for the year ended 30 April 2021. Further details of risk management frameworks and specific material risks and uncertainties facing the business can be found on pages 46 to 49.

Whistleblowing
The Group has a Whistleblowing Policy which encourages employees to report any malpractice or illegal acts or omissions or matters of similar concern by other employees or former employees, contractors, suppliers or advisors using a prescribed reporting procedure. The Whistleblowing Policy is complemented by an Anti-bribery and Corruption Policy, and a Gifts and Entertainment Policy.

These policies facilitate the reporting of any ethical wrongdoing or malpractice, or suspicion of actions which may constitute ethical wrongdoing or malpractice.

Examples include bribery, corruption, fraud, dishonesty and illegal practices which may endanger employees or third parties.

There have been no instances of whistleblowing during the year under review and we are not aware of any instances of non-compliance with our Anti-bribery and Corruption Policy or our Gifts and Entertainment Policy.

Accountability
The Board is required to present a fair, balanced and understandable assessment of the Company and Group's financial position, performance, business model and strategy. The Board, with the advice of the Committee, is satisfied that this has been achieved.

The responsibilities of the Directors and external auditor are set out on pages 90 and 95, respectively.

Stuart Watson
Chairman, Audit Committee

Directors' Remuneration Report

"Results affirm our strong commitment to performance related pay and a work environment that supports the Team Clipper culture."

Christine Cross
Senior Independent Non-Executive Director

Committee Chair's introduction

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 April 2021.

I would like to thank our shareholders for the continued support which they showed for the Remuneration Committee (the "**Committee**") at our 2020 AGM when both our Directors' Remuneration Report and our renewed three year Directors' Remuneration Policy were each approved by 98.96% of shareholders voting.

At the 2021 AGM, to be held on 12 October 2021, shareholders will be asked to approve the Directors' Remuneration Report for 2021, which comprises this introductory statement and our Report on Remuneration for the Year Ended 30 April 2021 beginning on page 71.

The vote on the Directors' Remuneration Report is our normal annual advisory vote on such matters. For information and reference, the Directors' Remuneration Policy which was approved by our shareholders at the 2020 AGM is included as an appendix to the Directors' Remuneration Report from page 79.

As with all businesses, the year ended 30 April 2021 was an extraordinary year for Clipper, which presented both challenges and opportunities. Throughout the pandemic we prioritised the well-being and safety of our people and the continuity of service to our expanded customer base. We continued to implement salary increases for the general workforce in the year, and the vast majority of employees remained on full pay throughout the year. This resilience has been evident throughout the business as reflected in our financial performance indicators. The Committee ensured that remuneration outcomes for our people reflected our underlying philosophy that incentive schemes should deliver outcomes which align with business performance, the expectations of our shareholders and wider stakeholders, and act as an incentive for future performance.

I hope that our shareholders remain supportive of our approach to executive pay at Clipper and vote in favour of the Directors' Remuneration Report at the 2021 AGM.

Pay for performance in the year ended 30 April 2021

As detailed in the Operating and Financial Review, our main KPI of Adjusted EBIT[1] increased by 22.5% to £39.8 million in the financial year ended 30 April 2021. As a result, Annual Incentive Plan ("**AIP**") payments for the year ended 30 April 2021 will be made in full to eligible employees below Board level. With regard to our January 2019 Performance Share Plan ("**PSP**") awards (for which the three financial year performance period ended on 30 April 2021), the maximum performance threshold was achieved (16.75% three-year CAGR in earnings per share ("**EPS**")) and awards held by below Board participants will vest in full in January 2022 (subject to continued employment until that time).

Notwithstanding the strong financial performance outlined above, the Committee was mindful that the Group used UK government support in the form of rates relief and funding from the CJRS. The Committee is also aware that investors generally expect companies to adjust executives' remuneration outcomes where government support has been utilised. Additionally, the Remuneration Committee was keen to ensure that bonuses for the wider workforce were paid in full (subject to the achievement of personal objectives) to reflect the contribution made by employees during this exceptional year.

The Committee has decided to exercise its discretion and take account of these issues. Therefore, no AIP payments will be made to the Executive Directors in respect of the year ended 30 April 2021. In addition, the Remuneration Committee has decided that the underpin condition[2] for the PSP awards for the Executive Directors only, for the three year performance period ending 30 April 2021, was not met and those awards shall lapse in full. These decisions of the Remuneration Committee are fully supported by the Board.

Throughout the year ended 30 April 2021, the Committee exercised what it regards as normal commercial judgment in respect of Directors' remuneration (and in all cases in line with the Company's Directors' Remuneration Policy). Except as noted above in respect of the decision not to pay AIP awards for the Executive Directors, and discretion being applied such that the vesting conditions of the PSP awards for the Executive Directors were not met, there were no other exercises of judgment or discretion by the Committee which require additional disclosure in this report.

1 This is an alternative performance measure, the definition of which can be found on page 55 together with a reconciliation to the nearest statutory measure.

2. Awards granted in January 2019 are subject to: (i) an EPS performance condition; and (ii) an underpin condition that requires the Committee to be satisfied with the Company's overall performance. Taking into account the Executive Directors' decision to not repay CJRS and rates relief, the Committee has determined that the underpin condition is not met in respect of the awards held by the Executive Directors. The Committee agreed that it would not be appropriate to reduce vesting of awards held by the other PSP participants as the relevant decisions were ultimately out of their control.

Pay at Clipper in the year ending 30 April 2022

More details of how we intend to operate pay for our Executive Directors in the year ending 30 April 2022 are set out in the Directors' Remuneration Report. In short, we intend to operate pay with a high degree of consistency with how our pay arrangements operated in the year ended 30 April 2021, and in line with our shareholder approved Directors' Remuneration Policy.

- No changes in quantum are proposed (other than increases in base salary made at the levels which apply for employees firm-wide).
- Our AIP will again operate over a mix of Adjusted EBIT (50% of salary max), Free Cash Flow (20% of salary max) and personal objectives (20% of salary max) metrics.
- We intend to make our PSP awards in the year ending 30 April 2022 at the levels for annual awards approved by shareholders at the 2020 AGM. These will again be subject to a mix of EPS (45% weighting), relative Total Shareholder Return ("**TSR**") (30% weighting) and ESG metrics (25% weighting).

One point to note is that, with the Executive Chairman no longer being impacted by 'Concert Party' rules, the Committee intends to review during the year whether it would be appropriate to revert to making the Executive Chairman's and Chief Financial Officer's ("**CFO**") PSP awards that can be settled in shares – at the 2020 AGM shareholders approved the PSP awards to the Executive Chairman and CFO being settled in cash (and capped at 150% of base salary) due to the application of Concert Party rules.

Directors' Remuneration Report

This report contains the material required to be set out as the Directors' Remuneration Report for the purposes of Part 4 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, which amended the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the "**DRR regulations**").

The auditor has reported on certain parts of the Directors' Remuneration Report and stated whether, in its opinion, those parts have been properly prepared in accordance with the Companies Act 2006. Those parts of the Directors' Remuneration Report which have been subject to audit are clearly indicated.

Part A: Report on Remuneration for the Year Ended 30 April 2021

Audited information

Single figure table (£'000)

	Steve Parkin Year ended 30 April		Tony Mannix Year ended 30 April		David Hodkin Year ended 30 April		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Salary	**421**	421	**289**	289	**228**	228	**938**	938
Benefits[1]	**82**	81	**21**	16	**1**	1	**104**	98
Pension contributions[2]	**10**	10	**28**	29	**36**	33	**74**	72
Total fixed pay	**513**	512	**338**	334	**265**	262	**1,116**	1,108
Annual bonus[3]	**nil**	nil	**nil**	nil	**nil**	nil	**nil**	nil
Long term incentives[4]	**nil**	nil	**nil**	nil	**nil**	nil	**nil**	nil
Total variable pay	**nil**	nil	**nil**	nil	**nil**	nil	**nil**	nil
Total	**513**	512	**338**	334	**265**	262	**1,116**	1,108

1 Benefits comprise a car allowance or company car, fuel allowance, private family medical cover and insurance benefits.
2 David Hodkin's and Tony Mannix's pension entitlements are paid by way of an additional allowance, taxed as salary. No Director participated in a defined benefit pension.
3 Details of the AIP for the financial year ended 30 April 2021 are set out below. Whilst the performance targets were achieved, as detailed on page 70. the Committee exercised its discretion and determined that the AIP would not pay out for the three Executive Directors.
4 The PSP awards granted in January 2019, which are due to vest in January 2022 are subject to: (i) an EPS performance condition (requiring growth in diluted EPS, after adjustment, over the performance period of three years ending 30 April 2021 of between 9.2% CAGR and 16.75% CAGR); and (ii) an underpin condition that requires the Committee to be satisfied with the Company's overall performance. Taking into account the Executive Directors' decision to not repay CJRS and rates relief, the Committee has determined that the underpin condition is not met in respect of the awards held by the Executive Directors.

AIP outcomes for the year ended 30 April 2021

Whilst as noted on page 70 the Committee has determined that the AIP will not pay out for the three Executive Directors, the following detail is provided for information purposes:

Performance for the AIP was measured against a mix of Adjusted EBIT, Free Cash Flow and personal objectives for the year ended 30 April 2021.

Performance measure	Threshold performance level for 2021 AIP £'000	Maximum performance level for 2021 AIP £'000	Performance level attained for 2021 AIP[1] £'000	AIP attained as a % of base salary[2]
Adjusted EBIT for financial year to 30 April 2021 (IAS 17 basis)	24,085	31,169	31,346	0%
Free Cash Flow for financial year to 30 April 2021 (IAS 17 basis)	32,159	41,617	49,153	0%
Personal objectives		See detail below		0%

1 Further information on alternative performance measures ("**APM**") can be found on page 55 together with a reconciliation to the statutory measure.
2 As detailed on page 70, although the performance measures were met in full, the Committee determined that no payment should be made in respect of the AIP awards for the Executive Directors.

Personal objectives for the AIP in the year ended 30 April 2021 involved consideration of the following matters for each Executive Director:

Steve Parkin		
1. Support the CEO in development and delivery of strategy	• Monitor and support the delivery of the Company's growth plans by geography and sector.	• Steve Parkin closely monitored, and provided a high level of executive support in respect of, the Company's growth plans by geography and sector, including a major start-up in the Life Sciences vertical sector to support the Government in the distribution of PPE.
2. Manage new development opportunities	• Continue to develop the opportunities pipeline. • Lead the acquisition of new business that delivers ongoing sustainable value to the Group and shareholders.	• The pipeline of opportunities continued to be developed effectively during the year ended 30 April 2021. This included overseeing the successful completion of the PPE project implementation.
3. Continue to ensure an effective and entrepreneurial Board	• Review Board succession. • Progress recommendations for external Board evaluation. • Act as a coach and mentor to the CEO.	• Board NED succession was reviewed in detail. • An external Board evaluation exercise was carried out, reviewed and progressed along agreed timelines. • The CEO was coached and mentored.
4. Oversee review of succession plans	• Work with the CEO on SMT succession planning.	• Succession planning was completed in line with pre-agreed timelines.
5. Support the Board by promoting the value of the business to existing and potential investors and analysts	• Continue to represent the Group and sector, including contact with major shareholders.	• Highly effective in acting in an ambassadorial role for both the Group and sector, including ensuring that there was continued contact with our major shareholders during the year.
Outcome of strategic personal objectives	**The Committee considered that all strategic personal objectives had been achieved at maximum, but as detailed on page 70, determined that the AIP would not pay out.**	

Tony Mannix		
1. Drive growth and financial performance in a pandemic and Brexit year	• Review and improve current customer revenues and add new. • Preparation for the implications of Brexit and thorough executional planning.	• Tony Mannix navigated and supported the opportunities pipeline through the COVID-19 pandemic. • Operational performance improvements achieved with positive customer feedback. • Brexit preparation achieved.
2. Manage new development opportunities	• Continue to develop the opportunities pipeline.	• Successful implementation of new Life Sciences contracts together with escalating volumes on e-commerce.
3. Continuous improvement	• Review of all existing facilities and planned capex. • Develop a Group-wide ESG agenda and reporting framework for the Group. • Review the extent to which automation could augment labour efficiencies.	• Creation of cost and efficiency plans. • KPIs and metrics to monitor performance by site begun. • Dynamic capex plan developed by site, including the use of automation and robotics.
4. Culture, talent, succession, diversity	• Review and strengthen succession plans. • Progress diversity agenda. • Support for employment in the community plans such as Fresh Start.	• Completed together with changes to the executive leadership team. • Developed a new Inclusion and Diversity Policy, philosophy and principles framework with targets built into succession plans.
5. Support the Board by promoting the purpose of the business externally	• Continue to represent the Group and sector, including contact with existing and potential shareholders.	• Highly effective in acting in an ambassadorial role for both the Group and sector, including presentations at numerous conferences throughout the year.
Outcome of strategic personal objectives	**The Committee considered that all strategic personal objectives had been achieved at maximum, but as detailed on page 70, determined that the AIP would not pay out.**	

David Hodkin		
1. Investor relations	• Continue to build relationships and extend and onboard new investors as required.	• David Hodkin managed ongoing positive shareholder relationships. • New investors introduced; investor roadshows conducted.
2. Finance strategy	• Review finance strategy to support business development and EPS growth. • Review site and operating models in line with changing customer needs.	• Screening and management of all investments to meet long-term financial plans and operational needs. • Active review of contract mix due to changing customer requirements through the financial year ended 30 April 2021. • Support for new business development and M&A options.
3. Succession planning	• Continue the development of the finance team and financial reports in line with business needs.	• Teams established in each business unit and centrally. • Standardised reporting structures in place.
Outcome of strategic personal objectives	**The Committee considered that all strategic personal objectives had been achieved at maximum, but as detailed on page 70, determined that the AIP would not pay out.**	

Non-Executive Directors' fees (£'000)

	Fees year ended		Benefits[1] year ended		Total year ended	
	2021	2020	**2021**	2020	**2021**	2020
Stuart Watson	**53**	47	–	1	**53**	48
Dino Rocos[2]	**53**	16	1	0	**54**	16
Stephen Robertson[3]	**7**	65	1	7	**8**	72
Christine Cross[4]	**59**	–	–	–	**59**	–

1 Benefits amounts reported relate to expenses such as travel and accommodation expenditure incurred on Group business. Whilst these payments are the reimbursement of expenses and not benefits per se, they are included as being a payment which is subject to tax.
2 Dino Rocos was appointed to the Board on 1 January 2020.
3 Stephen Robertson resigned as a Director on 3 June 2020.
4 Christine Cross was appointed to the Board on 3 June 2020.

Directors' interests

The interests (all being beneficial) of the Directors in the Company's ordinary shares are set out below:

	At 23 August 2021	At 30 April 2021
Steve Parkin	**14,140,820**	14,140,820
David Hodkin	**1,113,196**	1,113,196
Tony Mannix	**946,786**	946,786
Stuart Watson	**4,000**	4,000
Dino Rocos	**–**	–
Christine Cross	**–**	–

Share plan interests

Performance Share Plan:

	Options held at 1 May 2020	Options granted	Options lapsed	Options exercised	Option grant price (p)	Options held at 30 April 2021	Earliest exercise date	Latest exercise date
Steve Parkin	489,783	104,179	260,101	nil	nil	**333,861**	14/01/2018	08/01/2031
Tony Mannix	302,235	71,346	174,634	nil	nil	**198,947**	14/01/2018	08/01/2031
David Hodkin	240,016	56,353	137,935	nil	nil	**158,434**	14/01/2018	08/01/2031

Sharesave Plan:

	Options held at 1 May 2020	Options granted	Options lapsed	Options exercised	Option grant price (p)	Options held at 30 April 2021	Earliest exercise	Latest exercise date
Steve Parkin	4,740	3,708	nil	nil	485.34	**8,448**	01/04/2021	30/09/2024
Tony Mannix	7,025	1,854	nil	nil	485.34	**8,879**	01/04/2021	30/09/2024
David Hodkin	4,740	3,708	nil	nil	485.34	**8,448**	01/04/2021	30/09/2024

Notes to the share plan interests:

1 The range of market prices of shares in Clipper Logistics plc during the year ended 30 April 2021 was 204 pence to 700 pence. The closing price on 30 April 2021 was 688 pence.
2 None of the Directors paid for the award of options.
3 PSP options lapsed include those granted in January 2018 which failed to vest in January 2021, and those granted in January 2019 which have also failed to vest for the three Executive Directors as a result of the underpin vesting condition not being met, as detailed on page 70.
4 The extant PSP awards were those that were granted in January 2015 and which vested in January 2018 and the PSP awards granted on 8 January 2021, which are subject to performance conditions relating to growth in diluted EPS, relative TSR and a basket of ESG measures measured over the period to 30 April 2023 as detailed below.
5 The exercise price for options under the Sharesave Plan was set at 80% of the three day average market price of shares before invitations to participate were made, in accordance with HMRC rules.
6 The options under the Sharesave Plan were granted under an HMRC tax-advantaged plan and are therefore not subject to performance conditions.

Performance conditions for PSP awards granted in January 2021

Adjusted diluted EPS (45% weighting)	Relative TSR (30% weighting)	Basket of ESG metrics (25% weighting)
Performance range as follows: 16% CAGR or more – 100% vests 10% CAGR – 57.5% vests 6% CAGR – 15% vests Below 6% – nil vests There is straight-line pro-rata vesting between the respective thresholds.	Measured relative to FTSE SmallCap constituents (excluding Investment Trusts). Vesting range of median (15% vests) to upper quartile (100% vests).	For awards made in the year ended 30 April 2021 these metrics include CO_2 (15%) and social programmes (10%), including our Fresh Start programme for providing employment for under-represented groups, including rehabilitated former offenders, people with disabilities and other people who can face barriers to entry into employment. The CO_2 metric requires average annual reductions of between 7.5% (15% of this part vests) and 10.2% (100% of this part vests). The Fresh Start metric requires the attainment of appropriate and challenging rates of colleague retention in each of the years of the performance period.
Performance period: for all metrics, three financial years to 30 April 2023.		

Unaudited information

Remuneration Committee

The members of the Committee during the year were:

- Christine Cross (Chair from 3 June 2020);
- Stephen Robertson (Chair until 3 June 2020);
- Stuart Watson; and
- Dino Rocos.

The Executive Chairman is invited to attend meetings of the Committee, except when his own remuneration is being discussed, and the Chief Financial Officer and other Executives attend meetings as required.

The Committee's principal responsibilities are:

- recommending to the Board the remuneration strategy and framework for the Executive Directors and SMT;
- determining, within that framework, the individual remuneration arrangements for the Executive Directors and SMT; and
- overseeing any major changes in employee benefit structures throughout the Group.

In addition, the Committee has ensured that the Company's Remuneration Policy and its implementation are consistent with the six factors set out in provision 40 of the Code:

Clarity	Our policy is well understood by our senior executive team and has been clearly articulated to our shareholders and representative bodies.
Simplicity	The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate.
Risk	Our policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via (i) the balanced use of both AIP and PSP which employ a blend of financial, non-financial and shareholder return targets, and (ii) malus/clawback provisions within all our incentive plans.
Predictability	Our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits.
Proportionality	There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive pay ensures that poor performance is not rewarded.
Alignment to culture	Our executive pay policies are fully aligned to Clipper's culture; our PSP includes ESG metrics which directly link an aspect of pay to our commitments to the environment and society.

Advisors

FIT Remuneration Consultants LLP ("**FIT**"), signatory to the Remuneration Consultants Group's Code of Conduct, was appointed by the Committee following a competitive tender process. FIT provides advice to the Committee on all matters relating to remuneration, including best practice. FIT provided no other services to the Group and accordingly the Committee was satisfied that the advice provided by FIT was objective and independent. FIT's fees in respect of the year ended 30 April 2021 were £77,648. FIT's fees were charged on the basis of the firm's standard terms of business for advice provided.

Implementation of Policy in the year ending 30 April 2022

Executive Directors

Base salary

- Steve Parkin's base salary for the year ending 30 April 2022 is £429,779 (2021: £421,352, 2% increase), Tony Mannix's base salary for the year ending 30 April 2022 is £294,329 (2021: £288,558, 2% increase), and David Hodkin's base salary for the year ending 30 April 2022 is £232,477 (2021: £227,919, 2% increase).

Pension

- Contribution rates for Executive Directors are as follows (expressed as percentages of base salary): Tony Mannix – 10% and David Hodkin – 15%. Steve Parkin will receive a contribution of £10,000 (2.3%). These levels are unchanged from the financial year ended 30 April 2021. All incumbent Executive Directors will be aligned to the employer contribution rate available to the majority of the workforce at Clipper (currently 3%) by 1 January 2023 and any new Directors will automatically assume a workforce pension contribution rate.

Benefits

- Details of the benefits received by Executive Directors are set out in note 1 to the single figure table on page 71.
- There is no intention to introduce additional benefits in the financial year ending 30 April 2022.

Annual Incentive Plan for the year ending 30 April 2022

- The AIP maximum is 90% of base salary.
- Performance measures for the AIP in the year to 30 April 2022 will be as follows:

Adjusted EBIT (56% weighting (50% salary))	Free Cash Flow (22% weighting (20% salary))	Personal objectives (22% weighting (20% salary))
Continuing profit KPI for the Group.	Free Cash Flow important for resilience and capacity to pay dividends.	To allow reward for strategic actions taken that will be 'lead indicators' of good financial performance in future years.

Given the competitive nature of the Group's sectors, the specific performance targets for the AIP are considered to be commercially sensitive and accordingly are not disclosed in advance. Following the conclusion of the current financial year, the Committee's intention is to disclose the performance targets for the current financial year on a retrospective basis, including appropriate disclosure in relation to all personal metrics considered.

Performance Share Plan for the year ending 30 April 2022

- The PSP annual award to Executive Directors will be in respect of 150% of base salary.
- The participation of the Executive Chairman and the Chief Financial Officer may be settled as a cash award (capped at 150% of base salary); the participation of the Chief Executive Officer will be a traditional shares award over shares worth 150% of base salary as at the time of award.
- Performance measures for PSP awards made in the year ending 30 April 2022 will be as follows:

Adjusted Diluted EPS (45% weighting)	Relative TSR (30% weighting)	Basket of ESG metrics (25% weighting)
Performance range as follows: 20% CAGR or more – 100% vests 14% CAGR – 57.5% vests 10% CAGR – 15% vests Below 10% – nil vests There is straight-line pro-rata vesting between the respective thresholds.	Measured relative to FTSE SmallCap constituents (excluding Investment Trusts). Vesting range of median to upper quartile.	For awards made in the year ending 30 April 2022 these metrics will include CO_2 (15%) and social programmes (10%), including our Fresh Start programme for providing employment for under-represented groups, including rehabilitated former offenders, people with disabilities and other people who can face barriers to entry into employment. Further details will be added in the Directors' Remuneration Report for the year ending 30 April 2022.

For all metrics:

- performance will be measured over three financial years to 30 April 2024; and
- threshold vesting for each metric will be 15% of that part of the award.

Non-Executive Directors

Fees

The base fee payable to each Non-Executive Director is as follows:

- Christine Cross – £65,000 (Senior Independent Director and Remuneration Committee Chair).
- Dino Rocos – £55,000 (Independent Director and Workforce Representative).
- Stuart Watson – £55,000 (Independent Director and Audit Committee Chair).

The fees reflect the following elements: base fee, £47,500; Committee Chair/Workforce Representative, £7,500; Senior Independent Director, £10,000.

Relative importance of spend on pay

The table below shows the Group's expenditure on remuneration paid to all employees against distributions to shareholders:

£'000	2021	2020	% change
Remuneration paid to all employees of the Group[1]	**220,884**	180,831	**+22.1%**
Distributions to shareholders	**10,374**	10,166	**+2.0%**

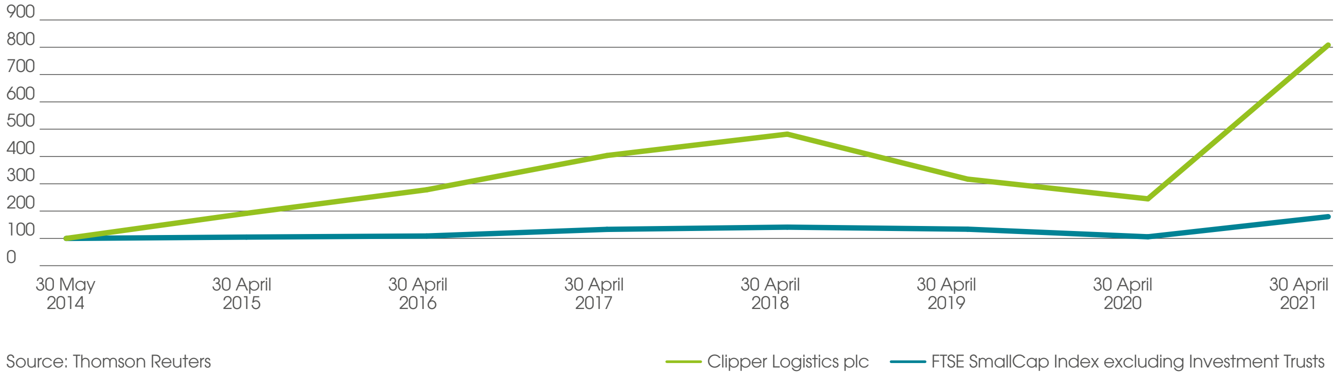
1 Total remuneration reflects overall employee costs. See note 5 to the Group Financial Statements for further information.

Comparative Total Shareholder Return

The DRR regulations require a line graph showing the TSR on a holding of shares in the Company since admission to the London Stock Exchange ("**Admission**") to the financial year end, as well as the TSR for a hypothetical holding of shares in a broad equity market index for the same period. The graph below compares the Company's TSR to the TSR of the FTSE SmallCap Index (excluding Investment Trusts) over this period.

The FTSE SmallCap Index (excluding Investment Trusts) was chosen as a comparator as the Company is a constituent of this index.

Total Shareholder Return Index (30 May 2014 = 100)



Source: Thomson Reuters

The DRR regulations also require a table setting out selected details of the remuneration of the Executive Chairman (as highest paid Executive) over the same period as shown on the TSR graph:

	Single figure of total remuneration (£'000)	Annual variable element award rates against maximum opportunity	Long-term incentive vesting rates against maximum opportunity
Year ended 30 April 2021: Steve Parkin	**513**	**0.0%[1]**	**0.0%[1]**
Year ended 30 April 2020: Steve Parkin	512	0.0%	0.0%
Year ended 30 April 2019: Steve Parkin	491	0.0%	0.0%
Year ended 30 April 2018: Steve Parkin	493[2]	0.0%	0.0%
Year ended 30 April 2017: Steve Parkin	1,574	0.0%[3]	100.0%
Year ended 30 April 2016: Steve Parkin	486	0.0%	N/A
Year ended 30 April 2015: Steve Parkin	518	20.8%	N/A

1 As detailed on page 70, the Remuneration Committee determined that there would be no payment of the AIP and no vesting of the PSP awards which relate to the year ended 30 April 2021.
2 Figure conformed to total stated in single figure table after re-calculation for non-vesting of LTIs.
3 Steve Parkin waived his entitlement to his bonus for the year ended 30 April 2017.

Change in remuneration of the Directors compared to average employee levels

The percentage change in the remuneration of Directors compared to the percentage change in average remuneration levels for all full-time salaried colleagues across the business who were employed throughout the year ended 30 April 2021 is as follows:

			Additional statutory information					
	Executive Chairman	All other employees	Chief Executive Officer	Chief Financial Officer	Christine Cross Senior Independent Director	Stuart Watson Non-Executive Director	Dino Rocos Non-Executive Director	Stephen Robertson Non-Executive Director
Salary/fees	0.0%	+3.6%	0.0%	0.0%	N/A	+15.8%	+15.8%	N/A
Taxable benefits	+1.2%	-3.2%	+31.3%	0.0%	N/A	-100.0%	+61.3%	N/A
Annual bonus	0.0%	+381.6%	0.0%	0.0%	N/A	N/A	N/A	N/A

The salary increase of 3.6% shown above for all UK employees is higher than the standard pay award granted in the year ended 30 April 2020 of 2.0% due to the impact of the increase in the National Living Wage of 2.2% from April 2021, and the extension of the National Living Wage to 23 and 24 year olds. A number of employees on apprenticeships also completed their first year of the apprenticeship, and consequently moved from year one apprenticeship wage rates to the National Living Wage rate for their age, which further inflated the year-on-year salary change shown above.

No change in remuneration is shown above for Christine Cross or Stephen Robertson, as they were not Directors throughout the full year ended 30 April 2021.

Stuart Watson and Dino Rocos had a 15.8% increase in the year ended 30 April 2021 based on revised fees for Non-Executive Directors as disclosed in the Directors' Remuneration Report for the year ended 30 April 2020.

Executive Chairman to employee pay ratio

The table below shows how the Executive Chairman's single figure remuneration (as taken from the single figure remuneration table on page 71) compares to equivalent single figure remuneration for full-time equivalent ("**FTE**") UK employees, ranked at the 25th, median and 75th percentiles. The Executive Chairman, being the highest paid Director, has been used as the comparator rather than the CEO.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	**Option B**	**27.4:1**	**25.9:1**	**23.1:1**
2020	Option B	27.2:1	24.6:1	22.0:1

Notes to the Executive Chairman to employee pay ratio:

1 Option B (based on the gender pay gap reporting disclosures) was preferred as this data was already prepared on a Group basis.
2 In line with the DRR regulations, the 25th percentile, median and 75th percentile employees were identified with reference to the most recent hourly rate gender pay gap report for each financial year.
3 The ratios shown are representative of the FTE 25th percentile, median and 75th percentile pay for employees within the Group at the relevant gender pay gap reference date, and FTE pay has been calculated using the gender pay gap reporting methodology.
4 There has not been a material change in either the employment models used by the Company or the pay of the Executive Chairman between 2020 and 2021. The change in each of the pay ratios for 2021, relative to 2020, reflect modest movements in representative employee pay which have been calculated using the gender pay gap reporting methodology (consistent with the approach used in 2020).
5 The Executive Chairman's remuneration is weighted more heavily towards variable pay than that of the wider workforce so that it is aligned with the Group's performance. This will inevitably cause the pay ratios to fluctuate over time. The Committee has considered the pay data for the three employees identified and believes that it fairly reflects pay at the relevant quartiles amongst the UK workforce. The Committee is satisfied that the median pay ratio for the year is consistent with the pay, reward and progression policies for the Group's UK employees who have the same pay and reward policies and opportunities.

The total pay and benefits and the salary component of total pay and benefits for the employee at each of the 25th percentile, the median and the 75th percentile are shown below:

	Salary			Total pay and benefits		
Year	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
2021	**£18,445**	**£19,372**	**£21,759**	**£18,695**	**£19,779**	**£22,225**
2020	£18,439	£19,652	£22,786	£18,809	£20,835	£23,238

AGM voting results

Details of the votes on remuneration matters held at the 2020 AGM are as follows:

Resolution	Votes for	% for	Votes against	% against	Total votes	Withheld
Approve Directors' Remuneration Report	87,101,001	98.96%	913,594	1.04%	88,014,595	6,535
Approve Remuneration Policy	87,100,951	98.96%	913,644	1.04%	88,014,595	6,535

Service contracts summary

Each Executive Director has a service contract of indefinite duration with a notice period of 12 months, which may be given by the Company or the individual.

The date of each Executive Director's contract is:

- Steve Parkin: 30 May 2014
- Tony Mannix: 30 May 2014
- David Hodkin: 30 May 2014

Non-Executive Directors

Each Non-Executive Director is engaged for an initial period of three years. The appointments can be renewed following the initial three year term. The engagements can be terminated by either party on three months' notice.

The Non-Executive Directors cannot participate in the Company's share schemes, are not entitled to pension benefits and are not entitled to payment in compensation for early termination of their appointment.

For each Non-Executive Director the effective date of their latest letter of appointment is:

- Christine Cross: 3 June 2020
- Dino Rocos: 1 January 2020
- Stuart Watson: 21 March 2019

This report was reviewed and approved by the Board on 24 August 2021 and signed on its behalf by:

Christine Cross
Chair, Remuneration Committee

Part B: Appendix – Directors' Remuneration Policy

The following material is the Directors' Remuneration Policy approved by the Company's shareholders at the Company's AGM on 30 September 2020. It is included in this year's report for information only and does not form part of the Directors' Remuneration Report which is subject to approval by shareholders at the 2021 AGM. The policy as approved by shareholders is also available for inspection in the Company's 2020 Annual Report and Accounts via its website at www.clippergroup.co.uk/report-accounts.

Element and purpose	Policy and operation	Maximum	Performance measures
Base salary This is the core element of pay and reflects the individual's role and position within the Group with some adjustment to reflect their capability and contribution.	Base salaries will be reviewed each year by the Remuneration Committee. The Remuneration Committee does not strictly follow data but uses it as a reference point in considering, in its judgment, the appropriate level of salary having regard to other relevant factors including corporate and individual performance and any changes in an individual's role and responsibilities. Base salary is paid monthly in cash.	In the normal course of events, the Executive Directors' salaries would not normally be increased by more than the average awarded to staff generally. However, given the need for a formal cap under the DRR regulations, the Remuneration Committee has further limited the maximum salary which it may award to Executive Directors to the median salary level plus 10% for that role in the top half of the FTSE SmallCap.	N/A
Benefits To provide benefits valued by recipients.	The Executive Directors may receive a car allowance or company car, fuel allowance, private family medical cover and insurance benefits. The Remuneration Committee reserves discretion to introduce new benefits where it concludes that it is appropriate to do so, having regard to the particular circumstances and to market practice. Where appropriate, the Group will meet certain costs relating to Executive Director relocations (although payment of relocation expenses is limited to a period of two years).	It is not possible to prescribe the likely change in the cost of insured benefits or the cost of some of the other reported benefits year-to-year, but the provision of benefits will operate within an annual limit of £100,000 (plus a further 100% of base salary in the case of relocations). The Remuneration Committee will monitor the costs in practice and ensure that the overall costs do not increase by more than the Remuneration Committee considers appropriate in all the circumstances.	N/A
Pension To provide retirement benefits.	Executive Directors can receive pension contributions to personal pension arrangements, or if a Director is impacted by annual or lifetime limits on contribution levels to qualifying pension plans, the balance can be paid as a cash supplement.	The maximum employer's contribution is limited to 15% of base salary. Any new Executive Director will be aligned to the employer's pension contribution rate available to the majority of employees.	N/A

Element and purpose	Policy and operation	Maximum	Performance measures
Annual Incentive Plan To motivate Executives and incentivise delivery of performance over a one year operating cycle, focusing on the short- to medium-term elements of our strategic aims.	AIP levels and the appropriateness of measures are reviewed annually at the commencement of each financial year to ensure they continue to support our strategy. Once set, performance measures and targets will generally remain unchanged for the year, except to reflect events such as corporate acquisitions or other major transactions where the Remuneration Committee considers it to be necessary in its opinion to make appropriate adjustments. AIP outcomes are paid in cash following the determination of achievement against performance measures and targets. Malus and clawback provisions apply to the AIP as explained in more detail in the notes to this table.	The maximum level of AIP outcomes is 90% of base salary per annum for the duration of this policy.	The performance measures applied may be financial or non-financial and corporate, divisional or individual and in such proportions as the Remuneration Committee considers appropriate. Attaining the threshold level of performance for any measure will not produce a pay-out of more than 20% of the maximum portion of overall AIP attributable to that measure, with a sliding scale to full pay-out for maximum performance. The Committee also has a standard power to apply its judgment to adjust the formulaic outcome of all AIP performance measures to take account of any circumstances (including the performance of the Company, any individual or business) should it consider that to be appropriate.

Element and purpose	Policy and operation	Maximum	Performance measures
Long-Term Incentives ("LTIs") To motivate and incentivise delivery of sustained performance over the long-term, and to promote alignment with shareholders' interests, the Group operates a Performance Share Plan.	Awards under the PSP may be granted as nil-cost options or conditional awards of shares which vest to the extent performance conditions are satisfied over a period of at least three years. Where technical provisions (including the Concert Party rules) make it preferable in shareholders' interests to do so, awards may be settled in cash, capped at the maximum PSP level allowed (150% of base salary), and with any reduction in share price between the date of grant and date of vesting being reflected in the cash-settled award. The PSP rules allow that the number of shares subject to vested PSP awards may be increased to reflect the value of dividends that would have been paid in respect of any dividend dates falling between the grant of awards and the vesting of awards. Whilst this feature does not currently operate for awards the Remuneration Committee retains discretion to introduce this feature during the period of this policy. Malus and clawback provisions apply to PSP awards and are explained in more detail in the notes to this table. All PSP awards are subject to a two year holding period post vesting.	The PSP allows for awards over shares with a maximum value of 150% of base salary per financial year. The Remuneration Committee expressly reserves discretion to make such awards as it considers appropriate within these limits.	The Remuneration Committee may set such performance conditions on PSP awards as it considers appropriate (whether financial or non-financial and whether corporate, divisional or individual). Once set, performance measures and targets will generally remain unaltered unless events occur which, in the Remuneration Committee's opinion, make it appropriate to substitute, vary or waive the performance conditions in such manner as the Remuneration Committee thinks fit. Performance periods may be over such periods as the Remuneration Committee selects at grant, which will not be less than (but may be longer than) three years. No more than 15% of awards vest for attaining the threshold level of performance conditions. The Committee also has a standard power to apply its judgment to adjust the formulaic outcome of all PSP performance measures to take account of any circumstances (including the performance of the Company, any individual or business) should it consider that to be appropriate.
Share ownership guidelines To further align the interests of Executive Directors with those of shareholders.	Executive Directors are expected to retain all of the ordinary shares vesting under the PSP, after any disposals for the payment of applicable taxes, until they have achieved the required level of shareholding.	200% of salary for all Executive Directors. The Remuneration Committee reserves the power to amend (but not reduce) these levels in future years. Guideline to apply for two years from leaving the Board (lower of 200% or actual shareholding at time of leaving).	N/A

Element and purpose	Policy and operation	Maximum	Performance measures
All-employee share plans To encourage share ownership by employees, thereby allowing them to share in the long-term success of the Group and align their interests with those of the shareholders.	The Sharesave Plan is an all-employee share plan established under the HMRC tax-advantaged regime and follows the usual form for such plans. Executive Directors are able to participate in all-employee share plans on the same terms as other Group employees.	The exercise price of the options is usually equal to the market price of the shares at the date of invitation to participate less a maximum discount of 20%. The maximum amount that can be invested in the plan will not exceed the statutory limit from time to time (currently £500 per calendar month). The options vest on the third anniversary of the commencement of the savings period.	Consistent with normal practice, such awards are not subject to performance conditions.
Non-Executive Director fees To enable the Group to recruit and retain Non-Executive Directors of the highest calibre, at the appropriate cost.	The fees paid to Non-Executive Directors aim to be competitive with other fully listed companies of equivalent size and complexity. The fees payable to the Non-Executive Directors are determined by the Board.	Fees are paid monthly in cash. Any increases made will be appropriately disclosed.	N/A

Notes to the Policy table

1. Malus and clawback
Malus (being the forfeiture of unvested awards) and clawback (being the ability of the Company to claim repayment of paid amounts as a debt) provisions apply to the AIP and PSP if, in the opinion of the Remuneration Committee, any of the following has occurred:

- there has been a material misstatement of the Group's financial results;
- the assessment of performance targets is based on an error or inaccurate or misleading information or assumptions;
- circumstances warranting summary dismissal;
- circumstances of corporate failure (liquidation or administration of the Company); or
- any other act or omission that has had a sufficiently significant impact on the reputation of the Group to justify the operation of malus/clawback.

Amounts in respect of awards under both plans may be subject to clawback for up to three years post payment or vesting as appropriate.

2. Stating maximum amounts for the Remuneration Policy
The DRR regulations and related investor guidance encourage companies to disclose a cap within which each element of the Directors' Remuneration Policy will operate. Where maximum amounts for elements of remuneration have been set within the Directors' Remuneration Policy, these will operate simply as caps and are not indicative of any aspiration.

3. Travel and hospitality
While the Remuneration Committee does not consider it to form part of benefits in the normal usage of that term, it has been advised that corporate hospitality (whether paid for by the Group or another company) and business travel for Directors (including any related tax liabilities settled by the Company) may technically come within the applicable rules and so the Remuneration Committee expressly reserves the right for the Remuneration Committee to authorise such activities within its agreed policies.

4. Differences between the policy on remuneration for Directors from the policy on remuneration for other employees
Where the Group's pay policy for Directors differs to its pay policies for groups of employees, this reflects the appropriate market rate position for the relevant roles. The Company takes into account pay levels, bonus opportunity and Share Awards applied across the Group as a whole when setting the Directors' Remuneration Policy.

5. Discretions reserved in operating incentive plans
The Committee will operate the AIP and PSP according to their respective rules and the above Directors' Remuneration Policy table. The Committee retains certain discretions, consistent with market practice, in relation to the operation and administration of these plans, including:

- the timing of awards and payments;
- the size of awards, within the overall limits disclosed in the policy table;
- the determination of performance measures and targets and resultant vesting and pay-out levels;
- (as described in the termination payment policy section below) determination of the treatment of individuals who leave employment, based on the rules of the incentive plans, and the treatment of the incentive plans on exceptional events, such as a change of control of the Company; and
- the ability to make adjustments to existing awards made under the incentive plans in certain circumstances (e.g. rights issues, corporate restructurings or special dividends).

While performance conditions will generally remain unchanged once set, the Committee has the usual discretions to amend the measures, weightings and targets in exceptional circumstances (such as a major transaction) where the original conditions would cease to operate as intended. Any such changes would be explained in the subsequent Directors' Remuneration Report and, if appropriate, be the subject of consultation with the Company's major shareholders.

6. Previous policies
The Company will honour all pre-existing commitments made under previous policies in accordance with the terms of such commitments.

Recruitment remuneration policy
In terms of the principles for setting a package for a new Executive Director, the starting point for the Committee will be to apply the general policy for Executive Directors as set out above and structure a package in accordance with that policy. Consistent with the DRR regulations, the caps contained within the policy for fixed pay do not apply to new recruits, although the Committee would not envisage exceeding these caps in practice.

The AIP and PSP will operate (including the maximum award levels) as detailed in the general policy in relation to any newly appointed Executive Director. For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment as appropriate.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as it considers appropriate and as described in the policy table.

For external candidates, it may be necessary to make additional awards to buy-out awards forfeited by the individual on leaving a previous employer.

For the avoidance of doubt, buy-out awards are not subject to a formal cap. Details of any buy-out awards will be appropriately disclosed.

For any buy-outs the Company will not pay more than is, in the view of the Committee, necessary and will in all cases seek, in the first instance, to deliver any such awards under the terms of the existing AIP and PSP. It may, however, be necessary in some cases to make buy-out awards on terms that are more bespoke than the existing AIP and PSP (including in reliance on the UK Listing Authority ("**UKLA**") Listing Rule 9.4.2).

All buy-outs, whether under the AIP, PSP or otherwise, will take account of the service obligations and performance requirements for any remuneration relinquished by the individual when leaving a previous employer. The Committee will seek to make buy-outs subject to what are, in its opinion, comparable requirements in respect of service and performance. However, the Committee may choose to relax this requirement in certain cases (such as where the service and/or performance requirements are materially completed, or where such factors are, in the view of the Committee, reflected in some other way, such as a significant discount to the face value of the awards forfeited) and where the Committee considers it to be in the interests of shareholders.

A new Non-Executive Director would be recruited on the terms explained above in respect of the main policy for such Directors.

Termination policy summary

It is appropriate for the Committee to consider treatments on a termination having regard to all of the relevant facts and circumstances available at that time. This policy applies both to any negotiations linked to notice periods on a termination and to any treatments that the Committee may choose to apply under the discretions available to it under the terms of the AIP and PSP plans. The potential treatments on termination under these plans are summarised below:

Incentives	If a leaver is deemed to be a ‘good leaver’; for example leaving through death or otherwise at the discretion of the Committee	If a leaver is deemed to be a ‘bad leaver’; for example leaving for disciplinary reasons or to join a competitor	Other exceptional cases; e.g. change in control
AIP	Committee has discretion to determine AIP (amounts normally pro-rated).	No awards made.	Committee has discretion to determine AIP.
PSP	Will receive a pro-rated award subject to the application of the performance conditions at the end of the normal performance period. Committee retains standard discretions to either vary time pro-rating or to allow vesting after the date of cessation (determining the performance conditions at that time).	All awards will normally lapse.	Will receive a pro-rated award subject to application of the performance conditions at the date of the event (on such reasonable basis as the Committee decides), subject to standard Committee discretions to vary time pro-rating.

The Company has the power to enter into settlement agreements with Executives and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the event of termination of an Executive Director, the Company may pay a contribution towards the individual’s legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees would be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

In the event of cessation of a Non-Executive Director’s appointment, they would be entitled to a three month notice period.

External appointments

Where Executive Directors serve on the boards of other companies in either an executive or non-executive role, the individuals are permitted to retain any income earned for acting as a director.

Statement of consideration of employment conditions elsewhere in the Group

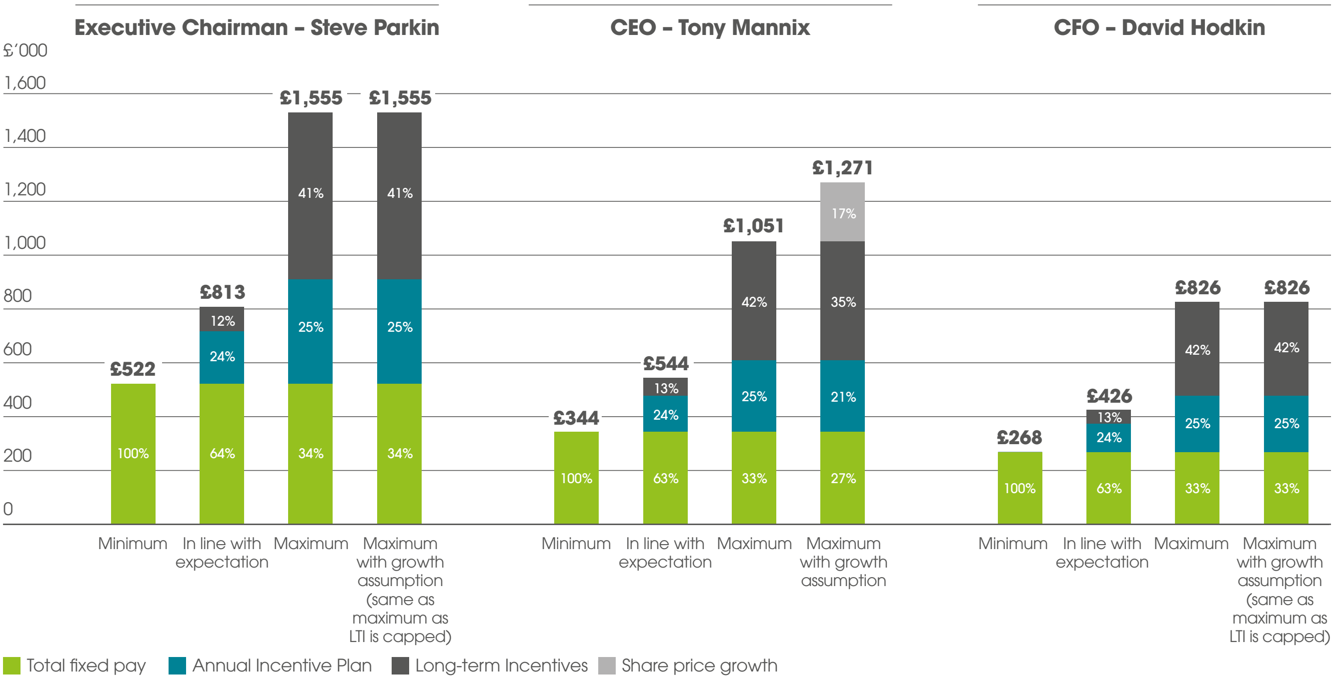
Pay and employment conditions generally in the Group are taken into account when setting Executive Directors’ remuneration. The Committee receives regular updates on overall pay and conditions in the Group, including (but not limited to) changes in base pay and any staff bonus pools in operation. There is also oversight of the all-employee Sharesave Plan which Executive Directors and all other Group employees can participate in on the same terms and conditions.

The Company did not consult with employees in drawing up this Remuneration Report.

Statement of consideration of shareholder views

The Committee welcomes feedback from all shareholders and from shareholder representative bodies. Prior to the publication of this report, the Committee has consulted with major independent shareholders and proxy advisory bodies regarding the proposed changes to the Policy.

Illustrations of application of Remuneration Policy (£'000)



The charts above aim to show how the Remuneration Policy set out above for Executive Directors is applied using the following assumptions:

Minimum

- Consists of base salary, benefits and pension.
- Base salary is the salary to be paid in the year ending 30 April 2022.
- Benefits measured as benefits paid in the year ended 30 April 2021 as set out in the single figure table.
- Pension measured as the defined contribution or cash allowance in lieu of Company contributions, as a percentage of salary (£10,000 for Steve Parkin, 10% for Tony Mannix and 15% in the case of David Hodkin).

£'000	Base salary	Benefits	Pension	Total fixed
Steve Parkin	430	82	10	522
Tony Mannix	294	21	29	344
David Hodkin	232	1	35	268

In line with expectation

Based on what the Director would receive if performance was on-target (excluding share price appreciation and dividends):

- AIP: consists of the on-target bonus of 45% of salary.
- LTI: consists of the threshold level of vesting (15%), plus the fair value of full investment in the Sharesave Plan (£1,200).

Maximum

Based on the maximum remuneration receivable (excluding share price appreciation and dividends):

- AIP: consists of maximum bonus of 90% of base salary.
- LTI: consists of the face value of awards (150% of salary), plus the fair value of full investment in the Sharesave Plan (£1,200).

Maximum with growth

Applies the same assumptions as the Maximum scenario, but with a further assumption of 50% share price growth where LTIs are to be settled in shares; at Clipper only the CEO will receive a shares-settled LTI and LTIs for the Executive Chairman and CFO will be cash-settled and capped at 150% of base salary.

Directors' Report

The Directors are pleased to present their report and the audited Financial Statements of Clipper Logistics plc for the year ended 30 April 2021.

The Directors' Report required by the Companies Act 2006 comprises the Strategic Report on pages 1 to 55, the Corporate Governance Report on pages 56 to 65 and the Directors' Remuneration Report on pages 70 to 90.

Strategic Report

The Company is required to prepare a Strategic Report to give a balanced and fair review of the Group's business during the year ended 30 April 2021, to enable shareholders to assess how the Directors have performed their duty under Section 172(1) of the Companies Act 2006.

The information that fulfils the requirements of the Strategic Report can be found on pages 1 to 55, and includes reviews of the business and financial performance and the principal risks and uncertainties facing the Group.

Within the Strategic Report, a summary review of the Group's activities during the year ended 30 April 2021 along with its future prospects is contained in the Chairman's Statement on pages 4 and 5. Details of the Group's business goals, strategy and model are set out on pages 1 to 55.

A statement on engagement with our stakeholders and how the Board has complied with Section 172(1) of the Companies Act is included on page 8.

Corporate governance reporting

Details of the Company's compliance with the 2018 UK Corporate Governance Code,the disclosures required under the Code and the UK Listing Rules can be found in the Corporate Governance Report on page 58.

The corporate governance statement required by Rule 7.2.1 of the FCA's Disclosure Guidance and Transparency Rules is set out on pages 58 to 60.

Management report

For the purposes of Rule 4.1.5R(2) and Rule 4.18 of the FCA's Disclosure Guidance and Transparency Rules, this Directors' Report and the Strategic Report on pages 86 to 89 and 1 to 55 together comprise the Management report.

Directors

The names and biographies of the current Directors of the Company are set out on pages 56 and 57 of this Annual Report.

The following Directors served the Company during the year ended 30 April 2021:

Name	Position
Steven (Steve) Nicholas Parkin	Executive Chairman
Antony (Tony) Gerard Mannix	Chief Executive Officer
David Arthur Hodkin	Chief Financial Officer
Stuart William Watson	Independent Non-Executive Director
Constantino (Dino) Rocos	Independent Non-Executive Director
Christine Cross[1]	Senior Independent Non-Executive Director
Stephen Peter Robertson[2]	Senior Independent Non-Executive Director

1 Appointed 3 June 2020.
2 Resigned 3 June 2020.

Financial risk management

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Operating and Financial Review on pages 50 to 55, along with the financial position of the Group, its cash flows and liquidity.

In addition, note 27 to the Group Financial Statements includes the Group's objectives, policies and processes for capital and financial risk management, including information on the Group's exposures to market risk, including foreign currency, interest rate, inflation and equity price risks; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

Results and dividends

The consolidated profit for the Group for the year after taxation was £21.7 million (2020: £16.2 million). The results are discussed in greater detail in the Operating and Financial Review on pages 50 to 55 and set out in the Group Income Statement on page 97.

The Directors are recommending the payment on 15 October 2021 of a final dividend of 7.1 pence per ordinary share to shareholders on the register at the close of business on 17 September 2021 which, together with the interim dividend of 4.0 pence per ordinary share paid on 4 January 2021, results in a total dividend for the year of 11.1 pence per share (2020: 9.7 pence).

Articles of Association

The Articles of Association (adopted by special resolution on 15 May 2014) may only be amended by special resolution of the shareholders. A copy of the Articles is available on request from the Company Secretary.

Directors' share interests

Details of the Directors' interests in the Company's shares are included in the Directors' Remuneration Report on page 73.

Directors' indemnities

The Company provided indemnities to each of its Directors during the year ended 30 April 2021 in accordance with the provisions of the Company's Articles, allowing the indemnification of Directors out of the assets of the Company to the extent permitted by law. These indemnities constitute qualifying indemnities for the purposes of the Companies Act 2006 and remain in force at the date of approval of this report without any payment having been made under them.

Directors' and officers' liability insurance

Directors' and officers' liability insurance cover is in place at the date of this report. The Board remains satisfied that an appropriate level of cover is in place and a review of cover will take place on an annual basis.

Compensation for loss of office

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs as a result of a takeover bid. Further details of the Directors' service contracts can be found in the Directors' Remuneration Report on page 78.

Significant contracts

The only significant contract involving any Director or controlling shareholder of the Company during the year was the Relationship Agreement (referred to later in this report) entered into between the Company and Steve Parkin and Carlton Court Investments Limited.

Share capital structure
Details of the Company's share capital are set out in note 24 to the Group Financial Statements on page 128.

During the year the Company issued:

- 94,205 new ordinary shares of 0.05 pence each pursuant to the exercise of options granted to certain employees of the Company under the Company's Sharesave Plan approved by shareholders at the 2014 AGM; and
- 48,204 new ordinary shares of 0.05 pence each pursuant to the exercise of options granted to certain employees of the Group under the Company's PSP approved by shareholders at the 2014 AGM.

The Company has a single class of share capital divided into ordinary shares of 0.05 pence each. The ordinary shares are listed on the London Stock Exchange. The rights and obligations attaching to these shares are governed by UK law and the Company's Articles.

Voting rights attaching to shares
Ordinary shareholders are entitled to receive notice and to attend and speak at any general meeting of the Company. On a show of hands, every shareholder present in person or by proxy (or being a corporation represented by a duly authorised representative) shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for every share of which he or she is the holder. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies.

Deadlines for exercising voting rights attaching to shares
The Articles provide a deadline for the submission of proxy forms (whether by an instrument in writing or electronically) of not less than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting.

Shares in uncertificated form
Directors may determine that shares may be held in uncertificated form and title to such shares may be transferred by means of a relevant system or that shares should cease to be so held and transferred.

Variation of rights attaching to shares
The Articles provide that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-quarters in nominal value of the issued shares, or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting, the quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares (calculated excluding any shares held in treasury). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking pari passu with them.

Restrictions on the transfer of shares
There are no restrictions on the transfer of the ordinary shares other than:

- the standard restrictions for a UK-quoted company where any amount is unpaid on a share;
- where, from time to time, certain restrictions may become imposed by laws and regulations (for example, insider trading laws and market regulations relating to close periods); and
- pursuant to the Listing Rules of the Financial Conduct Authority whereby certain Directors, officers or employees of the Company require the approval of the Company to deal in the ordinary shares.

On 30 May 2014 each of the Executive Directors (save for Steve Parkin) and certain persons who held ordinary shares after the Company's Admission or whose associates held such shares entered into an agreement with Steve Parkin agreeing to certain restrictions on their ability (and that of their family) to dispose of ordinary shares in which they are interested for a period of five years from the date of Admission.

As the five year period has elapsed, there are now no restrictions applicable.

Authority to purchase own shares
As at 23 August 2021, being the latest practicable date prior to the publication of this report, the Company did not hold any shares in treasury.

Appointment and replacement of Directors
Unless determined by ordinary resolution of the Company, the number of Directors shall not be less than two or more than 12 in number. A Director is not required to hold any shares in the Company by way of qualification.

The Board may appoint any person to be a Director and such Director shall hold office only until the next AGM, when he or she shall be eligible for appointment by the shareholders.

The Articles provide that at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office. A Director who retires at any AGM shall be eligible for re-appointment. In addition, any Director appointed by the Board shall hold office only until the next AGM and shall then be eligible for re-appointment.

As recommended by the Code, notwithstanding the Company's Articles, the Directors have determined that all Directors shall retire from office annually at the AGM, and shall be eligible for re-appointment at that same AGM.

On 30 May 2014, the Company entered into an agreement (the "**Relationship Agreement**") with Steve Parkin and his nominee company Carlton Court Investments Limited (the "**Controlling Shareholders**"). Pursuant to that agreement the Company has agreed with the Controlling Shareholders that the Controlling Shareholders shall be entitled to appoint and remove one Director to the Board so long as the Controlling Shareholders (and/or any of their associates), when taken together, hold 25% or more of the voting rights over the Company's issued shares.

Where any Controlling Shareholder has already been nominated to the Board as a Director himself such appointment will reduce the number of persons which the Controlling Shareholders are entitled to nominate for appointment by one.

Any person appointed by the Controlling Shareholders to the Board may be removed by the Controlling Shareholders by notice in writing.

As detailed below, during the year ended 30 April 2021, the Controlling Shareholders reduced their shareholdings such that they now hold less than 25% of the voting rights over the Company's issued shares, and therefore are no longer entitled to appoint and remove one Director to the Board.

Relationship Agreement with Controlling Shareholders
Carlton Court Investments Limited ("**Carlton**") holds 13.87% of the issued share capital of the Company and, together with its concert parties, controls 23.18% of the issued share capital of the Company. As such, Carlton is no longer a

Controlling Shareholder as defined in the Listing Rules, although it was a Controlling Shareholder for part of the year ended 30 April 2021, from 1 May 2020 to 15 January 2021. Carlton is controlled by Steve Parkin. Steve Parkin and Carlton have entered into, and the Company's relationship with them is governed by the terms of, the Relationship Agreement referred to above; the principal purpose of which is to ensure that the Company and the Group are capable of carrying on their business independently of the Controlling Shareholders and that any transactions and relationships with the Controlling Shareholders are conducted at arm's length and on normal commercial terms.

The Controlling Shareholders have agreed to procure that their associates also comply with the Relationship Agreement. The Relationship Agreement will continue for so long as the Company is listed on the main market for listed securities of the London Stock Exchange and the Controlling Shareholders and their associates own or control at least 25% of the Company's issued share capital or voting rights.

The Listing Rules require premium listed companies with controlling shareholders to provide a confirmation in their annual reports that all of the independence provisions contained in their agreements have been complied with.

In line with this requirement, the Board has assessed the Controlling Shareholders' and Company's compliance with the Relationship Agreement's independence requirements and has assessed compliance with these requirements during the period under review. As such, the Board can confirm that since the entry into the Relationship Agreement on 30 May 2014 until 15 January 2021, being the date that the Company ceased to have a Controlling Shareholder:

- the Company has complied with the independence provisions included in the Relationship Agreement;
- so far as the Company is aware, the independence provisions included in the Relationship Agreement have been complied with by each of the Controlling Shareholders and their associates and also by the Company; and
- so far as the Company is aware, the procurement obligation included in the Relationship Agreement has been complied with by each of the Controlling Shareholders.

Power of Directors

Subject to the Articles, the Companies Act 2006 and any directions given by special resolution, the business of the Company shall be managed by the Board, which may exercise all the powers of the Company to, for example, borrow money; mortgage or charge any of its undertaking, property and uncalled capital; and issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company.

Greenhouse gas emissions

The Group's disclosures on greenhouse gas emissions can be found in the Environmental, Social and Governance (ESG) Report section of the Strategic Report on pages 24 to 31 and form part of the Directors' Report.

Employment policies

Arrangements for consulting and involving Group employees on matters affecting their interests at work, and informing them of the performance of their employing business and the Group, are developed in ways appropriate to each business. Various approaches are adopted aimed at encouraging the involvement of employees in effective communication and consultation, and the contribution of productive ideas at all levels. The Company has commenced a workforce engagement programme in line with the Code, with Dino Rocos being appointed as designated Workforce Non-Executive Director.

Employment policies are designed to provide equal opportunities irrespective of race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation or political affiliation. Group policy is to ensure that disabled applicants for employment are given full and fair consideration having regard to their particular aptitudes and abilities, and that existing disabled employees are given equal access to training, career development and promotion opportunities. In the event of existing employees becoming disabled, all reasonable means will be explored to achieve retention in employment in the same or an alternative capacity, including arranging appropriate training. Further details in relation to the Group's employment policy are set out in the Environmental, Social and Governance (ESG) Report section of the Strategic Report on pages 32 to 39.

Significant agreements

There are a number of agreements which, subject to any discussions with relevant parties, could terminate upon a change of control of the Company, such as commercial contracts, bank loan agreements, property lease arrangements and employees' share plans. None of these individually is considered to be significant in terms of their likely impact on the business of the Group as a whole.

Political donations

The Company has made no political donations since Admission on 4 June 2014 and intends to continue its policy of not doing so.

Charitable donations

During the year to 30 April 2021, the Group made charitable donations totalling £45,000 (2020: £58,000).

Events after the balance sheet date

On 19 May 2021, Clipper Logistics plc acquired the entire £1,000 share capital of Wippet Ltd, a company registered in England and Wales with registered number 13115709. This transaction does not have a significant impact on the financial statements of the Group.

Audit information

Each of the Directors at the date of the approval of this report confirms that:

- so far as he or she is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- he or she has taken all the reasonable steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Group's auditor is aware of the information.

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

Auditor

The auditor, RSM UK Audit LLP, has indicated its willingness to continue in office and a resolution seeking to re-appoint RSM UK Audit LLP will be proposed at the AGM.

Major interests in shares

As at 23 August 2021, being the last practicable date prior to publication of this report, the Company had been advised, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, of the following notifiable interests (whether directly or indirectly held) in 3% or more of its voting rights:

Notification received from	Number of voting rights	%
Liontrust Asset Management	16,411,962	16.12
Carlton Court Investments Limited[1]	14,128,000	13.87
Global Alpha Capital Management	8,129,219	7.98
Aberdeen Standard Investments	7,549,593	7.41
BlackRock	5,965,837	5.86
Mondrian Investment Partners	4,234,224	4.16
SOMLIE Limited	4,159,224	4.08

1. Ultimately controlled by Steve Parkin, Executive Chairman.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In making this assessment they have considered the Company and Group budgets and cash flow forecasts for the period to 30 April 2024. The Company has considerable financial resources, negligible liquidity risk and is operating within a sector that is experiencing growing demand for its services. The Directors therefore have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements. Further information is disclosed in the Viability Statement on page 49 and note 2.2 to the Group Financial Statements.

Annual General Meeting

The Company's AGM will be held at Squire Patton Boggs (UK) LLP, 6 Wellington Place, Leeds, LS1 4AP on 12 October 2021 at 11.00am.

It is possible that the evolving COVID-19 pandemic and Government restrictions or guidance in response to any developments may mean that it is no longer possible for shareholders to attend the AGM in person. Any changes to the AGM will be communicated to shareholders before the meeting through our website at www.clippergroup.co.uk/investor-relations/ and, where appropriate, by RNS announcement.

Details of how to vote by proxy are contained within the Notice of Meeting that will be published shortly.

Details of the resolutions to be proposed will be set out in the Notice of Meeting.

The Directors consider that all of the proposed resolutions are in the best interest of the Company and its shareholders as a whole. It is the Directors' recommendation that shareholders support the proposed resolutions and vote in favour of them, as each of the Directors intends to do.

The Directors' Report has been approved by the Board of Directors of Clipper Logistics plc.

By Order of the Board by:

Marianne Hodgkiss
Company Secretary
24 August 2021

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and 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 are required to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and have elected to prepare the parent company financial statements in accordance with UK accounting standards, 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 judgments and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the United Kingdom;
- 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 parent company 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations.

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

Responsibility statement of the Directors in respect of the Annual Report and the Financial Statements

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and the Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approved by the Board and signed on its behalf by:

Steve Parkin
Executive Chairman
24 August 2021

David Hodkin
Chief Financial Officer
24 August 2021

Independent Auditor's Report to the Members of Clipper Logistics plc

Opinion

We have audited the Financial Statements of Clipper Logistics plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2021 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Group Statement of Changes in Equity, the Group Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company Financial Statements is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2021 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance United Kingdom Generally Accepted Accounting Practice; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS regulations.

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 and Parent Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities 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. Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included an evaluation of management's assessment of the forecast results and cashflows of the Group for the period to 30 April 2024, the performance achieved against budget during the initial period of the forecasts and challenge of key estimates and assumptions incorporated therein. The Directors have performed a range of sensitivity analysis based on reasonably likely scenarios and we have considered and challenged the reasonableness of these and the impact on the forecasting financial performance and position. We note that the Group Statement of Financial Position reports net current liabilities of £36.78m (2020: £57.04m).

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's or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In relation to the entities reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Summary of our audit approach

Key audit matters	**Group and Parent Company** • Revenue recognition • Recoverability of trade receivables • Recoverability of balances arising on historic business combinations
Materiality	**Group** • Overall materiality: £1,330,000 (2020: £1,000,000) • Performance materiality: £1,000,000 (2020: £754,000) **Parent Company** • Overall materiality: £991,000 (2020: £842,000) • Performance materiality: £743,000 (2020: £631,500)
Scope	Our audit procedures covered 100% of revenue, 100% of total assets and 100% of profit before income tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and Parent Company Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group and Parent Company Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditor's Report to the Members of Clipper Logistics plc continued

Revenue recognition (Group and Parent Company)

Key audit matter description	Contract and billing terms with customers across the Group and Parent Company vary and include complex terms for calculating the amount receivable for the services delivered and goods provided and in which period these sums fall due to be recognised. The Group continues to trade with a range of different customers where varying policies apply. Details concerning the assessment of risk by the Audit Committee, the relevant accounting policies applied and the associated revenue disclosures are set out on pages 68, 107 to 108 and 110 respectively.
How the matter was addressed in the audit	Our procedures in relation to revenue recognition included a combination of the procedures below across the various revenue streams within the Group and Parent Company: • Tests of control to consider the nature of the contractual arrangements and the ability for these to be changed / altered; • Tests of detail sampling a number of contractual arrangements to ensure that the revenue recognised was in accordance with the contractual terms and had been recognised in the appropriate period; • Use of data analytics procedures to map the expected revenue streams and to test those outliers falling outside of the expected patterns / postings; • Assessment of the judgments and estimates utilised by management across the various segments in establishing the basis of recognition; • Tests of detail to consider the timing of revenue recognition across the operating segments with particular focus on adjustments and timing to budgeted billing within the Logistics segment and the risks and rewards of ownership and transfer of these within the commercial vehicles segment (Group only); and • Consideration of the disclosures made in the Financial Statements with regards to revenue and additionally associated balances for contract receivables and payables.
Key observations	The results of our procedures in respect of the recognition and disclosure of revenue and associated balances were satisfactory.

Recoverability of trade receivables (Group and Parent Company)

Key audit matter description	As disclosed in notes 18 and J to the Group and Parent Company Financial Statements, gross trade receivable amounts outstanding as at 30 April 2021 were £107.4m and £93.1m respectively. The logistics business operated by the Group and Parent Company (together "**Clipper**") predominately supply customers in the retail sector and this sector has been significantly exposed to the macro economic impacts of the COVID-19 pandemic including periods of lockdown where retailers were unable to trade and experienced changes in consumer buying behaviours. A number of retailers with whom Clipper trade have entered administration / ceased trading or have experienced periods of time with contraction of their revenue streams with a resulting impact on their ability to pay their suppliers, including Clipper. IFRS 9 'Financial Instruments' requires the Board to consider the expected credit loss position of its trade receivables and to calculate any required provision for impairment of these balances. As disclosed in notes 18 and J respectively, the Board have included provisions for trade receivables of £6.8m and £6.5m respectively. In accordance with the Group's policy these sums represent the expected credit loss in respect of amounts receivable from customers who are continuing to trade as well as amounts written off in relation to customers who have entered administration. Whilst the need for sums to be written off against businesses in administration is factual, the point at which the write off is made and any expected recovery from administrators are a matter of judgment. The calculation of expected credit risk loss is based on estimation. With the overall growth in activity in the logistics business experienced by Clipper and the increased pressures on the retail sector in particular the calculation of trade receivable impairment has been a key area of audit focus.

How the matter was addressed in the audit	Audit procedures undertaken to assess these areas included: • Discussion with both management and the Board to understand the year end trading position with customers, any trade receivables whereby the customers were in administration and the overall approach to the calculation of the expected credit loss; • Review of supporting documentation held by management and from third party sources such as statements from administrators and updates on the latest financial position of key customers; • Review of the detailed calculations supporting the provision for impairment and challenge of management and the Board on the judgments and estimates made therein; • Reviewing contractual arrangements in place with key customers to confirm credit terms and adherence thereto; • Review of events occurring subsequent to the year end date to assess whether they provided supporting or contradictory evidence to the position adopted by management and the Board; and • Review of the disclosures made in the Financial Statements with regards to the impairment of trade receivables.
Key observations	The results of our procedures in respect of the provision for impairment of trade receivables, including disclosures thereof, were satisfactory.

Recoverability of balances arising on historic business combinations (Group and Parent Company)

Key audit matter description	The Group via the Parent Company entered into a series of transactions in April 2019 which fell together to be accounted for as a business combination in accordance with IFRS 3 in the Financial Statements for the year ended 30 April 2020. As a result of the transactions, certain balances were due and payable from the vendor which had been uncollected at the previous year end and remained so at the current year end.
How the matter was addressed in the audit	Our approach to this area included: • Discussion with management as to the timing of collection of the balances due and the nature thereof; • Re-visiting the historic Sale & Purchase Agreement to confirm if there were any consequential matters arising as a result of the timing of the collection; • Considering the implication of the delays in the collection of sums due on other balances arising on the business combinations including the potential for impairment of intangible assets; and • Confirming that the sums outstanding have been received post year end.
Key observations	The results of our procedures in respect of the collection of sums outstanding and the impact on associated balances were satisfactory.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the Financial Statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgment, we determined materiality as follows:

	Group	Parent Company
Overall materiality	£1,330,000 (2020: £1,000,000)	£991,000 (2020: £842,000)
Basis for determining overall materiality	5% of profit before income tax	5% of profit before income tax
Rationale for benchmark applied	Statutory measure reporting the financial performance of the Group and hence shareholder return	Statutory measure reporting the financial performance of the Parent Company and hence shareholder return
Performance materiality	£1,000,000 (2020: £754,000)	£743,000 (2020: £631,500)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £67,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £49,500 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

Both overall and performance materiality at the Group and Parent Company level were revised downwards during the course of the audit to reflect audit adjustments arising having a material impact on the reported result before income tax for the year.

Independent Auditor's Report to the Members of Clipper Logistics plc continued

An overview of the scope of our audit
The Group consists of 22 components, located in the following countries; United Kingdom, Ireland, Germany, Poland and the Netherlands.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Profit before income tax
Full scope audit	7	100%	100%	100%
Specific audit procedures	–	–%	–%	–%
Total	**7**	**100%**	**100%**	**100%**

Analytical procedures at Group level were performed for the remaining 15 components.

Of the above, full scope audits for 2 components and specific audit procedures for no components were undertaken by component auditors.

All components which were either deemed to be material to the Group in relation to their relative proportion of overall activity levels and / or where a local statutory requirement exists were subject to full scope audit procedures.

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 our 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 this 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, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept 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 and the part of the Directors' Remuneration Report to be audited 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.

Corporate governance statement
The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 89;
- Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why this period is appropriate set out on page 16;
- Directors' statement on fair, balanced and understandable set out on page 90;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 46;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 69; and
- The section describing the work of the Audit Committee set out on page 67.

Responsibilities of Directors
As explained more fully in the Directors' Responsibilities Statement as set out on page 90, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Financial Statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the Financial Statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the Financial Statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and Parent Company operate in and how the Group and Parent Company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the Financial Statements may be susceptible to fraud, having obtained an understanding of the effectiveness of the control environment.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the Financial Statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our audit approach.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team and component auditors included:
IFRS/FRS 101 and Companies Act 2006	Review of the Financial Statement disclosures and testing to supporting documentation. Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of advice received from external tax advisors. Inspection of correspondence with local tax authorities. Input from a tax specialist was obtained regarding the tax impact of the changes to the Group and its activities during the year. Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.
COVID-19 Government Support Schemes (CJRS)	Inspection of advice received from internal HR and compliance advisors. Inspection of claims submitted and supporting documentation. Input from an employment law specialist was obtained regarding the procedures adopted by the Group with respect to claims made under the Government support schemes. Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.

Independent Auditor's Report to the Members of Clipper Logistics plc continued

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	Review of both existing and new revenue contractual arrangements to see that revenue has been recognised in accordance with both these arrangements and the stated accounting policies; Undertake tests of control with regards to the contract change and approval process; Utilise data analytics techniques to identify transactions that do not follow the expected transaction flow and subsequent investigation thereof; and Use analytical procedures based on the known transaction flows and timing thereof to consider completeness of revenue recognised.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgments made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Audit Committee on 29 November 2019 to audit the Financial Statements for the year ending 30 April 2020 and subsequent financial periods.

The period of total uninterrupted consecutive appointment is 2 years, covering the years ending 30 April 2020 to 30 April 2021.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

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.

Andrew Allchin FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square, Fifth Floor
29 Wellington Street
Leeds
LS1 4DL
24 August 2021

Group Income Statement

For the year ended 30 April

		Note	2021 Group £'000	2020 Group £'000
Revenue		3	**696,201**	500,671
Cost of sales			**(477,637)**	(358,653)
Gross profit			**218,564**	142,018
Other net gains or losses		6	**(38)**	4,097
Administration and other expenses			**(182,666)**	(114,686)
Operating profit before share of equity-accounted investees, net of tax		4	**35,860**	31,429
Share of equity-accounted investees, net of tax			**1,426**	(231)
Operating profit		6	**37,286**	31,198
EBIT*			**39,772**	32,454
Less:	amortisation of other intangible assets	4	**(1,269)**	(1,240)
	exceptional costs	6	**(789)**	–
	share of tax and finance costs of equity-accounted investees	4	**(428)**	(16)
Operating profit		6	**37,286**	31,198
Finance costs		8	**(10,647)**	(11,155)
Finance income		9	**92**	64
Profit before income tax			**26,731**	20,107
Income tax expense		10	**(5,074)**	(3,915)
Profit for the financial year			**21,657**	16,192
Basic earnings per share		11	**21.3p**	15.9p
Diluted earnings per share		11	**20.9p**	15.8p

* EBIT is defined as operating profit, including the Group's share of operating profit in equity-accounted investees and before the amortisation of intangible assets and other exceptional costs.

Group Statement of Comprehensive Income

For the year ended 30 April

	2021 Group £'000	2020 Group £'000
Profit for the financial year	**21,657**	16,192
Other comprehensive expense for the year, net of tax:		
To be reclassified to the income statement in subsequent periods:		
Exchange differences on retranslation of foreign operations	**64**	(504)
Total comprehensive income for the financial year	**21,721**	15,688

All activities in the current and prior year are from continuing operations. Total comprehensive income for the year is attributable to equity shareholders of Clipper Logistics plc.

Group Statement of Financial Position

At 30 April

	Note	2021 Group £'000	2020 Group £'000
Assets:			
Non-current assets			
Goodwill		**25,951**	25,951
Other intangible assets		**12,244**	11,997
Intangible assets	12	**38,195**	37,948
Property, plant and equipment	14	**31,151**	28,966
Right-of-use assets	15	**215,799**	186,213
Interest in equity-accounted investees	16	**2,060**	634
Non-current financial assets	28	**1,950**	1,950
Deferred tax assets	10	**2,091**	1,154
Total non-current assets		**291,246**	256,865
Current assets			
Inventories	17	**22,697**	27,857
Trade and other receivables	18	**143,885**	102,742
Cash and cash equivalents	19	**17,998**	2,724
Total current assets		**184,580**	133,323
Total assets		**475,826**	390,188
Equity and liabilities:			
Current liabilities			
Trade and other payables	20	**174,676**	130,813
Financial liabilities: borrowings	21	**160**	19,315
Lease liabilities: short-term	22	**39,349**	38,378
Short-term provisions	23	**6,173**	99
Current income tax liabilities		**1,001**	1,760
Total current liabilities		**221,359**	190,365
Non-current liabilities			
Financial liabilities: borrowings	21	**15,677**	126
Lease liabilities: long-term	22	**188,468**	163,906
Long-term provisions	23	**7,335**	6,521
Total non-current liabilities		**211,480**	170,553
Total liabilities		**432,839**	360,918
Equity shareholders' funds			
Share capital	24	**51**	51
Share premium		**2,480**	2,174
Currency translation reserve		**(548)**	(612)
Other reserve		**84**	84
Merger reserve		**6,006**	6,006
Share based payment reserve		**3,589**	1,669
Retained earnings		**31,325**	19,898
Total equity attributable to the owners of the Company		**42,987**	29,270
Total equity and liabilities		**475,826**	390,188

The accompanying notes on pages 101 to 133 form part of these Financial Statements.

Approved by the Board on 24 August 2021 and signed on its behalf by:

DA Hodkin
Chief Financial Officer
Company No. 03042024

Group Statement of Changes in Equity

For the year ended 30 April

	Share capital Group £'000	Share premium Group £'000	Currency translation reserve Group £'000	Other reserve Group £'000	Carried forward Group £'000
Balance at 1 May 2019	51	2,060	(108)	84	2,087
IFRS 16 transition adjustment	–	–	–	–	–
Profit for the year	–	–	–	–	–
Other comprehensive income/(expense)	–	–	(504)	–	(504)
Equity settled transactions	–	–	–	–	–
Share issue	–	114	–	–	114
Dividends	–	–	–	–	–
Balance at 30 April 2020	51	2,174	(612)	84	1,697
Profit for the year	**–**	**–**	**–**	**–**	**–**
Other comprehensive income	**–**	**–**	**64**	**–**	**64**
Equity settled transactions	**–**	**–**	**–**	**–**	**–**
Share issue	**–**	**306**	**–**	**–**	**306**
Dividends	**–**	**–**	**–**	**–**	**–**
Balance at 30 April 2021	**51**	**2,480**	**(548)**	**84**	**2,067**

	Brought forward Group £'000	Merger reserve Group £'000	Share based payment reserve Group £'000	Retained earnings Group £'000	Total Group £'000
Balance at 1 May 2019	2,087	6,006	1,643	33,479	43,215
IFRS 16 transition adjustment	–	–	–	(19,627)	(19,627)
Profit for the year	–	–	–	16,192	16,192
Other comprehensive income/(expense)	(504)	–	–	–	(504)
Equity settled transactions	–	–	26	20	46
Share Issue	114	–	–	–	114
Dividends	–	–	–	(10,166)	(10,166)
Balance at 30 April 2020	1,697	6,006	1,669	19,898	29,270
Profit for the year	**–**	**–**	**–**	**21,657**	**21,657**
Other comprehensive income	**64**	**–**	**–**	**–**	**64**
Equity settled transactions	**–**	**–**	**1,920**	**144**	**2,064**
Share issue	**306**	**–**	**–**	**–**	**306**
Dividends	**–**	**–**	**–**	**(10,374)**	**(10,374)**
Balance at 30 April 2021	**2,067**	**6,006**	**3,589**	**31,325**	**42,987**

Group Statement of Cash Flows

For the year ended 30 April

	Note	2021 Group £'000	2020 Group £'000
Operating activities:			
Profit before tax		**26,731**	20,107
Adjustments to reconcile profit before tax to net cash flows:			
• Depreciation and impairment of property, plant and equipment	6	**4,605**	3,244
• Depreciation of right-of-use assets	6	**36,268**	32,946
• Amortisation and impairment of intangible assets	6	**2,295**	2,114
• Loss/(profit) on disposal of non-current assets	6	**167**	(468)
• Share of equity-accounted investees, net of tax	16	**(1,426)**	231
• 'Negative goodwill'	29	**–**	(3,499)
• Exchange differences		**73**	(582)
• Net finance costs	8 & 9	**10,555**	11,091
• Share based payments	25	**650**	348
Working capital adjustments:			
• (Increase)/decrease in trade and other receivables and prepayments		**(41,241)**	(8,527)
• Decrease/(increase) in inventories		**5,259**	(3,365)
• Increase/(decrease) in trade and other payables		**49,313**	13,182
Cash generated from operating activities before interest and tax		**93,249**	66,822
• Interest received		**115**	46
• Interest paid		**(1,064)**	(2,954)
• Income tax paid		**(5,358)**	(3,541)
Net cash flows from operating activities		**86,942**	60,373
Investing activities:			
• Purchase of property, plant and equipment		**(7,112)**	(8,141)
• Purchase of right-of-use assets		**(170)**	(3,260)
• Purchase of intangible assets		**(2,583)**	(951)
• Proceeds from sale of property, plant and equipment		**22**	389
• Proceeds from sale of right-of-use assets		**151**	106
• Proceeds from sale of intangible assets		**44**	117
• Acquisition of a business	29	**–**	(2,899)
Net cash flows from investing activities		**(9,648)**	(14,639)
Financing activities:			
• Drawdown of bank loans		**–**	2,000
• Debt issue costs paid		**(467)**	–
• Shares issued	24	**306**	114
• Dividends paid	7	**(10,374)**	(10,166)
• Repayment of bank loans		**(3,315)**	(789)
• Financing advanced in relation to right-of-use assets		**1,627**	5,654
• Repayment of lease liabilities		**(49,797)**	(43,340)
Net cash flows from financing activities		**(62,020)**	(46,527)
Net increase/(decrease) in cash and cash equivalents		**15,274**	(793)
Cash and cash equivalents at start of year		**2,724**	3,517
Cash and cash equivalents at end of year		**17,998**	2,724

Notes to the Group Financial Statements

1. General information

The Group Financial Statements for the year ended 30 April 2021 were authorised for issue by the Board of Directors on 24 August 2021 and the Group Statement of Financial Position was signed on the Board's behalf by David Hodkin.

Clipper Logistics plc (the "**Company**") and its subsidiaries (together the "**Group**") provide value-added logistics and other services to predominantly the retail sector and also operate as distributors of commercial vehicles.

The Company is limited by share capital, incorporated and domiciled in the United Kingdom. The address of its registered office is Clipper Logistics Group, Gelderd Road, Leeds, LS12 6LT.

The Group's Financial Statements have been prepared in accordance with note 2.1 Basis of preparation and note 2.3 Basis of consolidation. The principal accounting policies adopted by the Group are set out in note 2.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The Company acts as Parent undertaking for the Clipper Group of companies. The Company has independent operations in its own right and owns 100% of the share capital and voting rights of the following principal trading entities:

- Clipper Logistics KG (GmbH & Co.) (Germany)
- Clipper Logistics Sp. z o.o (Poland)
- Servicecare Support Services Limited
- Northern Commercials (Mirfield) Limited
- RepairTech Limited

The Company also owns 50% of the share capital and voting rights of Clicklink Logistics Limited (see note 16).

In addition, the Group has a number of other subsidiaries as set out in note H to the Company Financial Statements.

The Group's Financial Statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("**IFRS**").

The preparation of the financial information under IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 30 April 2021.

The Group's Financial Statements have been prepared on a historical cost basis. The Financial Statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£'000) unless otherwise indicated.

2.2 Going concern

The Financial Statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the Financial Statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of the Financial Statements.

Note 27 to the Group Financial Statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to foreign exchange, credit and interest rate risk. Further details of the Group's net debt at 30 April 2021 are included in note 21 to the Group Financial Statements.

The Group Statement of Financial Position shows total current assets of £184,580,000 (2020: £133,323,000) and total current liabilities of £221,359,000 (2020: £190,365,000). Net current liabilities at 30 April 2021 were therefore £36,779,000 (2020: £57,042,000). At the year end, the Group had a committed Revolving Credit Facility of £34,000,000 (of which £16,000,000 was drawn) and an overdraft facility of £8,000,000 (none of which was drawn).

The Group's net current liability position arises mainly as a result of £39,349,000 of short-term lease liabilities recognised in line with IFRS 16. The net current liability position has improved compared to the prior year, primarily as a result of the RCF facility being renewed until 2023 and the liability now being shown as non-current.

The Group's borrowing facilities were extended in July 2020 to continue for a further three years. The Group's forecasts and projections show that the Group should be able to operate without the need for any increase in borrowing facilities.

2. Summary of significant accounting policies continued

2.2 Going concern (continued)

The Directors have assessed the future funding requirements of the Group and the Company and compared them to the bank facilities which are available. The assessment included a detailed review of financial and cash flow forecasts for at least 12 months from the date of approval of the Financial Statements. The Directors considered a range of potential scenarios within the key markets the Group serves and how these might impact on the Group's cash flow. The Directors also considered what mitigating actions the Group could take to limit any adverse consequences.

The Group's forecasts and projections show that the Group should be able to operate without the need for any increase in borrowing facilities.

Having undertaken this work, the Directors are of the opinion that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

2.3 Basis of consolidation

a. Group reorganisation and merger reserve

At 30 April 2014 the Company was a wholly owned subsidiary of Clipper Group Holdings Limited. In April 2014 the Group undertook a restructuring, whereby the Company acquired certain fellow subsidiaries from Clipper Group Holdings Limited and the remaining 25% ownership interest of the Group's German operations from the minority shareholders. On 4 June 2014 Clipper Logistics plc was admitted to the premium segment of the London Stock Exchange and Clipper Group Holdings Limited was no longer the Parent Company.

IFRS 3 states that it does not apply to a combination of entities or businesses under common control. Accordingly, the consolidated information of the Clipper Group has been prepared to reflect the combination of the restructured Clipper Group as if it had occurred from 1 May 2010, being the earliest comparative period reported by the restructured Group.

The Group reorganisation is a combination of entities under common control; and consolidated using a pooling of interests basis. This treats the restructured Group as if it was formed in May 2010 and a merger reserve has been included to reflect this, with a balance of £6,006,000 after the acquisition of the fellow subsidiaries from Clipper Group Holdings Limited as part of the Group reorganisation.

b. Consolidations

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 30 April 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent of the Group and to any non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The Financial Statements of subsidiaries used in the preparation of the consolidated Financial Statements are prepared on the same reporting year as the Parent Company.

A change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group other than those included in the restructuring referred to above. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

c. Equity-accounted investees

An investment in an entity over which the Group has significant influence, but is not a subsidiary, is accounted for under the equity method of accounting. Equity-accounted investees could comprise associates or joint ventures. An associate is an entity in which the Group has significant influence over the financial and operating policy decisions of the investee but not control or joint control over those policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Under the equity method, an investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the investee, until the date on which significant influence or joint control ceases.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Board of Directors, collectively the Group's chief operating decision maker, to assess performance and allocate capital or resources.

2.5 Foreign currency translation

a. Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The combined Financial Statements are presented in Pounds Sterling, which is the Company's functional and presentation currency.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

c. Translation of foreign operations

On consolidation, the assets and liabilities of foreign operations are translated into Pounds Sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates for the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate assets' cost to their residual values over their estimated useful lives, as follows:

- leasehold property: over the length of the lease;
- plant and machinery: 2–20 years; and
- motor vehicles: 4–8 years.

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2. Summary of significant accounting policies continued

2.6 Property, plant and equipment continued

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included within 'other net gains or losses' in the income statement when the asset is derecognised.

2.7 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

2.8 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include lease payments less any lease incentives receivable. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments, such as change in future payments resulting from a change in index or rate used to determine lease payments.

Assets held under hire purchase arrangements, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the estimated useful life of the asset and the lease term; where the lease contains an option to purchase which is expected to be exercised, the asset is depreciated over the useful life of the asset.

2.9 Intangible assets

a. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is 'negative goodwill' and is recognised in the income statement immediately.

Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

b. Contracts and licences

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life (five to ten years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

c. Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development employee costs and overheads directly attributable to bringing the asset into use.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding five years).

2.10 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("**CGU**") fair value less costs to sell and its value in use.

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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.

In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a minimum period of two years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the second year.

2.11 Financial assets

The Group classifies its financial assets in the following categories: amortised cost, at fair value through profit or loss, and fair value through other comprehensive income.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At 30 April 2021 the Group held no financial assets categorised as fair value through other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other net gains' in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Impairment testing of trade receivables is described in note 2.14.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Cost is determined using the first-in, first-out ('FIFO') method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. Summary of significant accounting policies continued

2.13 Vehicles on consignment

Vehicles held on consignment from manufacturers are included in the statement of financial position where it is considered that the Group enjoys the benefits and carries the risks of ownership.

2.14 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group applies the simplified approach permitted by IFRS 9, which requires the application of a lifetime expected loss provision to trade receivables. The provision calculations are based on historic credit losses applied to older balances. This approach is followed for all receivables unless there are specific circumstances which would render the receivable irrecoverable and therefore require a specific provision. A provision is made against trade receivables until such time as the Group believes the amount to be irrecoverable, after which the trade receivable balance is written off.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'administration expenses'.

When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administration expenses' in the income statement.

2.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Cash and cash equivalents are stated net of bank overdrafts in the cash flow statement.

2.16 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Consignment inventory payables

Inventories of commercial vehicles are usually funded under stocking finance plans offered by either the manufacturer's own finance arm, or third party funders. Amounts outstanding are included in trade and other payables.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.19 Income tax

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or losses.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

2.20 Employee benefits

a. Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies. The Group has only defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

For defined contribution plans, the Group pays contributions to privately administered pension insurance plans on a contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

b. Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

c. Share based payments

IFRS 2 requires the recognition of equity settled share based payments at fair value at the date of the grant. All equity settled share based payments are ultimately recognised as an expense in the income statement with a corresponding credit to share based payment reserve.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period based on the best available estimate of the number of shares expected to vest. Estimates are revised subsequently if there is any indication that the number of shares expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital and, where appropriate, share premium.

2.21 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Revenue recognition

The Group recognises revenue from contracts with customers as the performance obligations to deliver products and services under these contracts are satisfied. The Group's contracts are typically for the provision of warehouse or transport services and normally comprise a single performance obligation being a series of goods or services satisfied over time.

Revenue is recognised based on the amount of consideration expected to be received in exchange for satisfying the performance obligations.

a. Sale of goods

Revenue from the sale of goods is recognised when control of the goods has passed from the Group to the buyer. The transfer of control is at a point in time or over a period of time. For vehicles, this is generally on registration; for other goods, it is when despatched, or packaged and made available for collection.

b. Services other than repair and maintenance contracts

Revenue relating to costs to serve the customer are invoiced in line with the customer receiving and consuming benefits under the contract via the 'open book' charging mechanism with either a fixed or variable management fee and is recognised in the period in which it is earned. Performance obligations are satisfied over time and measured against minimum service level agreements.

Fixed management fees are recognised over the contract term. Performance obligations are satisfied over time.

Variable management fees (a fixed percentage of costs) are recognised as the corresponding costs are incurred i.e. where the Group has the right to invoice the customer at an amount that corresponds directly with performance to date, the practical expedient is applied to recognise revenue at that amount.

In 'closed book' contracts, revenue is typically recognised based on a pre-agreed price and is typically per unit/parcel/delivery or pallet etc. Revenue based on a pre-agreed rate-card is recognised as services are provided, in line with the customer receiving and consuming benefits under the contract.

2. Summary of significant accounting policies continued

2.22 Revenue recognition (continued)

b. Services other than repair and maintenance contracts (continued)
Invoicing varies by contract but is typically either in line with work performed or initially on a budgeted volume basis with later adjustment to reflect actual activity. Where a contract contains elements of variable consideration, the Group will estimate the amount of revenue to which it will be entitled under the contract.

Variable consideration can arise as a result of incentives, performance bonuses, penalties or other similar items. Revenue from variable consideration is recognised to the extent it is highly probable a significant revenue reversal will not occur in the future.

The Group does not expect to have any contracts which include a significant financing arrangement and therefore does not adjust its transaction price for the time value of money.

Where payments are received in advance of revenue being recognised they are included as contract liabilities.

Where revenue is recognised in advance of amounts being invoiced, it is reported as a contract receivable.

Calculation of contract assets and contract liabilities is therefore necessary at period ends, with client billing arrangements not always coinciding with the Group's reporting periods. Revenue from open book contracts includes contributions to the capital cost of items used in the delivery of services, together with a finance charge. Judgment is required when determining the appropriate timing and amount of revenue that can be recognised, due to the different contractual arrangements in place.

c. Repair and maintenance contracts
Revenue is recognised over the life of the contract in proportion to the costs of providing the services.

d. Sales of services – property
At certain sites where the Group has entered into leases, arrangements have been entered into with third and/or related parties, under which the Group receives fees for property-related advisory services. Revenue earned from property-related services is recognised in the consolidated income statement at fair value of the consideration receivable, net of VAT.

Management assesses the fees that are applicable to each specific transaction and recognises revenue in the income statement at the time of the underlying transaction. In forming the judgment, the Group considers whether the leases are classified as leases under IFRS 16, whether the future rentals are at market value and accordingly whether the fees can be attributed to delivered property services. Property-related advisory fees are recognised as services are provided.

e. Government grants
Income from Government grants is recognised when there is reasonable assurance that the Group has complied with the conditions attached to the grant and that the grant will be received. Government grants received from the Coronavirus Job Retention Scheme ("**CJRS**") are recognised as a credit against the related staff costs and not as an item of other income.

Income received under the Research and Development Expenditure Credit scheme ("**RDEC**") is recognised within administrative costs.

f. Costs to obtain a contract
Costs to obtain a contract that would have been incurred irrespective of whether the contract was obtained are recognised as an expense when incurred. The incremental costs of obtaining a contract with a customer are recognised as an asset and amortised over the period of the contract.

2.23 Supplier bonuses
Cost of sales are recognised net of vehicle manufacturers' bonuses. These are recognised when the Group has met the relevant conditions. There is little judgment or estimation involved in computing the amounts.

2.24 Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

2.25 Exceptional items
Items that are non-recurring are presented as exceptional items within their relevant consolidated income statement category. The separate reporting of exceptional items helps provide a clearer indication of the Group's underlying business performance.

Items which may give rise to classification as exceptional include, but are not limited to, restructuring of the business or depot network, asset impairments and litigation settlements.

2.26 Critical accounting estimates and judgments

The Group makes estimates and judgments concerning the future. The resulting accounting estimates 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 below.

Revenue recognition

Judgment is required when determining the appropriate timing and amount of revenue to be recognised in the value-added logistics segment. This is due to the various contractual arrangements in place, each with bespoke terms which can lead to different revenue recognition requirements.

Estimates and judgments are continually evaluated by management, on a case-by-case basis, based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Business combinations

In April 2019, the Group entered into a series of contracts, which when combined represented a business combination in accordance with IFRS 3 'Business Combinations'. The timing of when control passed was a significant judgment. See note 29 for further details.

Lease accounting

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

- Determination of the incremental borrowing rate:

  The Group uses incremental borrowing rates specific to each lease and the rates range between 1.95% and 5.79% translating to an average rate of 4.13%. A 100-basis point increase in the rate would cause the year end lease liabilities to decrease by £8,022,000 and the right-of-use asset to decrease by £10,271,000. A 100-basis point decrease in the rate would cause the year end lease liabilities to increase by £8,723,000 and the right-of-use asset to increase by £11,336,000.

- Determination of the lease term:

  In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (i.e. periods after termination options) are only included in the lease terms if the lease is reasonably certain to be extended (or not terminated).

  The Group has determined that where the lease of premises was due to expire within 12 months of transition to IFRS 16, it is expected that the lease would be extended by a further 5 years. The Group has therefore used the termination date expected rather than the date stated within the lease in these circumstances. Where a break clause exists within the lease, the Group has determined that these are not expected to be exercised and have therefore used the full term of the lease within the lease liability calculation.

2.27 Adoption of new and revised reporting standards

As the Group prepares its financial information in accordance with IFRS as adopted by the United Kingdom, the application of new standards and interpretations will be subject to them having been endorsed for use in the UK via the UK Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Group's discretion to early adopt standards.

In May 2020, the ("**IASB**") published an amendment 'COVID-19 Related Rent Concessions (Amendment to IFRS 16). The amendment introduced a practical expedient to IFRS 16 'Leases', which provides relief for lessees in assessing whether specific COVID-19 concessions are considered to be lease modifications.

All conditions need to be met by the lessee for the practical expedient to be applied:

- the rent concession provides relief to payments that overall results in consideration for the lease contract being substantially the same or less than the original consideration for lease immediately before the concession provided;
- the rent concession is for relief for payments that were originally due on or before 30 June 2021; and
- there are no other substantive changes to the other terms and conditions of the lease.

The Group took advantage of delays to rental payments in the first 3 months of the financial year. The consideration due under the lease contract did not change, with the payment just being deferred by up to 12 months. The Group has therefore taken advantage of the practical expedient to not assess the affected lease contracts as lease modifications.

2. Summary of significant accounting policies continued

2.27 Adoption of new and revised reporting standards (continued)

The adoption of the following standards, amendments and interpretations in the current period have not had a material impact on the Group's Financial Statements:

	Effective date (annual periods beginning on or after)
Amendments to references to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IAS 1, IAS 8 regarding the definition of material	1 January 2020
Amendments to IFRS 7, IFRS 9, regarding pre-replacement issues in the context of the IBOR reform	1 January 2020
Amendments to IFRS 16 regarding COVID-19 related rent concessions	1 June 2020

The Group has applied all accounting standards and interpretations issued by the IASB and IFRIC except for the following standards and interpretations which were in issue but not yet effective:

	Effective date (annual periods beginning on or after)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform Phase 2	1 January 2021
Narrow Scope Amendments to IFRS Standards	1 January 2022
Amendments to IAS 16 regarding deducting amounts received from selling items produced while preparing the asset for its intended use	1 January 2022
Amendments to IAS 37 regarding the costs to include when assessing whether a contract is onerous	1 January 2022
Amendments to IFRS 3 updating a reference to the Conceptual Framework	1 January 2022
IFRS 17 'Insurance Contracts'	1 January 2023
Amendment to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendment to IAS 8 regarding the definition of accounting estimates	1 January 2023

The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations.

3. Revenue

Revenue is disaggregated into two distinct operating segments. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 'Operating Segments', as reported in note 4 to the Group Financial Statements.

Revenue recognised in the income statement is analysed as follows:

	2021 Group £'000	2020 Group £'000
E-fulfilment & returns management services	420,914	276,979
Non e-fulfilment logistics	194,699	143,847
Value-added logistics services	615,613	420,826
Commercial vehicles	83,638	82,495
Inter-segment sales	(3,050)	(2,650)
Revenue from external customers	696,201	500,671

Geographical information – revenue from external customers:

	2021 Group £'000	2020 Group £'000
United Kingdom	591,528	424,057
Rest of Europe	104,673	76,614
Revenue from external customers	696,201	500,671

Geography is determined by the location of the end customer.

In the year ended 30 April 2021, the Group had one customer which exceeded 10% of total revenue. Total revenue from this customer amounted to £92,784,000, of which £45,464,000 is reported within E-fulfilment & returns management services and £47,320,000 is reported within Non e-fulfilment logistics. There were no such customers to report in the year ended 30 April 2020.

The following table provides information about receivables, contract assets and contract liabilities from contracts:

	2021 Group £'000	2020 Group £'000
Receivables, which are included in 'Trade and other receivables'	**100,683**	62,920
Contract assets, which are included in 'Trade and other receivables'	**18,966**	13,303
Contract liabilities, which are included in 'Trade and other payables'	**39,264**	22,423

The contract assets primarily relate to the Group's right to consideration for work completed but not billed as at 30 April 2021. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers. Contract liabilities of £39,264,000 (2020: £22,423,000) will be recognised in Revenue in the year ending 30 April 2022 when the performance obligations are expected to be satisfied.

4. Segment information

For the Group, the Chief Operating Decision Maker ("**CODM**") is the main Board of Directors. The CODM monitors the operating results of each business unit separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, both before and after exceptional or discontinuing items. This measurement basis excludes Group-wide central services and financing costs which are not allocated to operating segments.

For management purposes, the Group is organised into two main reportable segments:

- value-added logistics services; and
- commercial vehicles, including sales, servicing and repairs.

Within the value-added logistics services segment, the CODM also reviews performance of two separate business activities, and overheads that are impractical to allocate:

- e-fulfilment & returns management services;
- non e-fulfilment logistics; and
- central logistics overheads, being the costs of support services specific to the value-added logistics services segment, but which are impractical to allocate between the sub-segment activities.

These separate business activities comprise one segment, having similar economic characteristics in terms of profitability and costs, customers and operating environment.

Inter-segment transactions are entered into under normal commercial terms and conditions and on an arm's length basis that would also be available to unrelated third parties.

The following tables present profit information for continuing operations regarding the Group's business segments for the two years ended 30 April 2021:

Earnings before interest and tax ("EBIT"):

	2021 Group £'000	2020[1] Group £'000
E-fulfilment & returns management services	**30,969**	23,085
Non e-fulfilment logistics	**17,003**	16,781
Central logistics overheads	**(7,839)**	(6,922)
Value-added logistics services	**40,133**	32,944
Commercial vehicles	**3,273**	2,330
Head office costs	**(3,634)**	(2,820)
Group EBIT	**39,772**	32,454

1 Comparatives have been adjusted for the impact of IFRS 16. In the prior year, the impact of this new standard was shown separately to aid comparability with the year ended 30 April 2019. The impact of IFRS 16 is now absorbed into the correct segments for both years; the allocation methodology is the same in both years.

4. Segment information continued

Amortisation of other intangible assets:

	2021 Group £'000	2020 Group £'000
E-fulfilment & returns management services	(577)	(562)
Non e-fulfilment logistics	(692)	(678)
Central logistics overheads	–	–
Value-added logistics services	(1,269)	(1,240)
Commercial vehicles	–	–
Head office costs	–	–
Group total	(1,269)	(1,240)

Share of tax and finance costs of equity-accounted investees:

	2021 Group £'000	2020 Group £'000
Net finance costs	(67)	(68)
Income tax (expense)/credit	(361)	52
Group total	(428)	(16)

Operating profit and profit before income tax:

	2021 Group £'000	2020[1] Group £'000
Operating profit:		
E-fulfilment & returns management services	28,538	22,738
Non e-fulfilment logistics	16,311	16,103
Central logistics overheads	(8,374)	(6,922)
Value-added logistics services	36,475	31,919
Commercial vehicles	3,019	2,330
Head office costs	(3,634)	(2,820)
Operating profit before share of equity-accounted investees	35,860	31,429
Share of equity-accounted investees, net of tax	1,426	(231)
Operating profit	37,286	31,198
Finance costs	(10,647)	(11,155)
Finance income	92	64
Profit before income tax	26,731	20,107

1 Comparatives have been adjusted for the impact of IFRS 16. In the prior year, the impact of this new standard was shown separately to aid comparability with the year ended 30 April 2019. The impact of IFRS 16 is now absorbed into the correct segments for both years; the allocation methodology is the same in both years.

The segment assets and liabilities at the statement of financial position date are as follows:

At 30 April 2021:	Segment assets Group £'000	Segment liabilities Group £'000
Value-added logistics services	424,302	(378,497)
Commercial vehicles	31,435	(37,504)
Segment assets/(liabilities)	455,737	(416,001)
Unallocated assets/(liabilities):		
• Cash and cash equivalents	17,998	–
• Financial liabilities: borrowings	–	(15,837)
• Deferred tax	2,091	–
• Income tax assets/(liabilities)	–	(1,001)
Total assets/(liabilities)	475,826	(432,839)

At 30 April 2020:	Segment assets Group £'000	Segment liabilities Group £'000
Value-added logistics services	342,930	(294,135)
Commercial vehicles	43,380	(45,582)
Segment assets/(liabilities)	386,310	(339,717)
Unallocated assets/(liabilities):		
• Cash and cash equivalents	2,724	–
• Financial liabilities: borrowings	–	(19,441)
• Deferred tax	1,154	–
• Income tax assets/(liabilities)	–	(1,760)
Total assets/(liabilities)	390,188	(360,918)

Capital expenditure, depreciation and amortisation by segment in the year ended 30 April was as follows:

Capital expenditure:

	2021 Group £'000	2020 Group £'000
Value-added logistics services	**68,250**	22,083
Commercial vehicles	**3,041**	777
Total	**71,291**	22,860

Capital expenditure comprises additions to intangible assets (note 12) property, plant and equipment (note 14) and right-of-use assets (note 15).

Depreciation of property, plant and equipment:

	2021 Group £'000	2020 Group £'000
Value-added logistics services	**4,267**	2,998
Commercial vehicles	**338**	246
Total	**4,605**	3,244

Depreciation of right-of-use assets:

	2021 Group £'000	2020 Group £'000
Value-added logistics services	**35,350**	32,099
Commercial vehicles	**918**	847
Total	**36,268**	32,946

Amortisation:

	2021 Group £'000	2020 Group £'000
Value-added logistics services	**2,295**	2,113
Commercial vehicles	**–**	1
Total	**2,295**	2,114

Non-current assets held by each geographical area are made up as follows:

	2021 Group £'000	2020 Group £'000
United Kingdom	**261,494**	233,122
Rest of Europe	**27,661**	22,589
Deferred taxation assets	**2,091**	1,154
Total	**291,246**	256,865

5. Staff costs

	2021 Group £'000	2020 Group £'000
Wages and salaries	196,786	161,048
Social security costs	18,749	15,280
Pension costs for the defined contribution scheme	4,699	4,155
Share based payments	650	348
Total	220,884	180,831

The UK Government made available a range of financial support to help companies during the COVID-19 pandemic, including the Coronavirus Job Retention Scheme ("**CJRS**"). During the year ended 30 April 2021, the Group received £3,769,000 in Government grants through CJRS which has been offset against the figure included in wages and salaries above. The scheme has been utilised as it was intended in order to avoid redundancies in areas of the business that have been significantly impacted by the COVID-19 pandemic. Customers under open book contracts benefited from any cost savings received as a result.

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

	2021 Group Number	2020 Group Number
Warehousing	6,708	5,494
Distribution	464	502
Service and maintenance	525	465
Administration	1,451	1,139
Total	9,148	7,600

Key management compensation (including Executive Directors):

	2021 Group £'000	2020 Group £'000
Wages and salaries	3,636	2,736
Social security costs	429	412
Pension costs for the defined contribution scheme	220	127
Compensation for loss of office	–	249
Share based payments	388	106
Total	4,673	3,630

Directors' emoluments:

	2021 Group £'000	2020 Group £'000
Aggregate emoluments excluding share based payments on unvested awards	1,280	1,274
Value of share options vested during the year	–	–
Pension costs for the defined contribution scheme	10	10
Total	1,290	1,284

The number of Directors who were accruing benefits under a Group Pension Scheme is as follows:

	2021 Group Number	2020 Group Number
Defined contribution plans	1	1

6. Group operating profit

This is stated after charging:

	2021 Group £'000	2020 Group £'000
Depreciation of property, plant and equipment	**4,605**	3,244
Depreciation of right-of-use assets	**36,268**	32,946
Amortisation of intangible assets (included within administration and other expenses)	**2,295**	2,114
Total depreciation and amortisation expense	**43,168**	38,304
Provision for impairment of trade receivables (note 18)	**7,702**	477
Auditor's remuneration:		
• Audit of the Group Financial Statements	**232**	198
• Audit of the subsidiaries	**92**	99
• Fees to prior year auditors	**–**	71
• Non-audit fees	**10**	–
Total fees paid to the Group's auditors	**334**	368

Operating profit is stated after crediting:

	2021 Group £'000	2020 Group £'000
Other net gains or net losses:		
• (Loss)/profit on sale of property, plant and equipment	**(204)**	123
• Profit on disposal of lease liabilities	**37**	345
• Dealership contributions	**25**	44
• Rental income	**492**	335
• Insurance proceeds	**201**	–
• Net (loss) from other exceptional costs[1]	**(789)**	–
• Other income	**200**	-
• Compensation for loss of office	**–**	(249)
• 'Negative goodwill' (see note 29)	**–**	3,499
Total net (losses)/gains	**(38)**	4,097

1 Other exceptional costs relates to £535,000 relating to aborted acquisition costs and £254,000 relating to redundancy costs incurred within our commercial vehicles segment as a direct result of the COVID-19 pandemic.

7. Dividends

	2021 Group £'000	2020 Group £'000
Final dividend for the prior year of 6.2 pence (2020: 6.5 pence) per share	**6,305**	6,608
Interim dividend for the year of 4.0 pence (2020: 3.5 pence) per share	**4,069**	3,558
Total dividends paid	**10,374**	10,166
Proposed final dividend for the year ended 30 April 2021 of 7.1 pence (2020: 6.2 pence) per share	**7,228**	6,303

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these Financial Statements. The proposed dividend is payable to all shareholders on the Register of Members on 17 September 2021. The payment of this dividend will not have any tax consequences for the Group.

8. Finance costs

	2021 Group £'000	2020[1] Group £'000
On bank loans and overdrafts	457	744
On lease liabilities	9,116	9,403
Discount unwind of dilapidations	265	331
Amortisation of debt issue costs	178	138
Commercial vehicle stocking interest	378	385
Invoice discounting	74	96
Other interest payable	179	58
Total interest expense for financial liabilities measured at amortised cost	**10,647**	11,155

1 Comparatives have been revised for the impact of IFRS 16. In the prior year, the impact of this new standard was shown separately to aid comparability with the year ended 30 April 2019; this has now been absorbed into the appropriate cost lines.

9. Finance income

	2021 Group £'000	2020 Group £'000
Bank interest	1	1
Other interest	39	4
Amounts receivable from related parties	52	59
Total interest income for financial assets measured at amortised cost	**92**	64

10. Income tax expense

10.1. Tax charged in the income statement:

	2021 Group £'000	2020 Group £'000
Current income tax:		
UK and foreign income tax	5,164	4,346
Amounts (over)/under provided in previous years	(564)	151
Total income tax on continuing operations	4,600	4,497
Deferred tax:		
Origination and reversal of temporary differences	98	(338)
Amounts under/(over) provided in previous years	376	(200)
Impact of change in tax laws and rates	-	(44)
Total deferred tax	474	(582)
Tax expense in the income statement on continuing operations	**5,074**	3,915

10.2. Tax relating to items charged or credited to other comprehensive income:

There are no tax consequences of any of the items included in other comprehensive income.

10.3. Reconciliation of income tax charge:

The income tax expense in the income statement for the year differs from the standard rate of income tax in the UK. The differences are reconciled below:

	2021 Group £'000	2020 Group £'000
Profit before taxation from continuing operations	**26,731**	20,107
Standard rate of income tax in UK	**19.0%**	19.0%
Tax on profit on ordinary activities at standard rate	**5,079**	3,820
Share of equity-accounted investees, already net of tax	**(271)**	44
Losses not relieved	**9**	–
Expenses not allowable for tax purposes	**425**	127
Tax (over) provided in previous years	**(188)**	(49)
Difference in tax rates overseas	**20**	17
Deferred tax rate difference	**–**	(44)
Total tax expense reported in the income statement	**5,074**	3,915

10.4. Deferred tax in the statement of financial position:

Tax effect of temporary differences due to:	Brought forward Group £'000	(Charged)/ credited to income statement Group £'000	Foreign currency adjustment Group £'000	(Charged)/ credited to share based payment reserve Group £'000	At 30 April 2021 Group £'000
Share based payments	**425**	**22**	**–**	**1,416**	**1,863**
IFRS 16 adjustment	**4,390**	**(1,059)**	**(5)**	**–**	**3,326**
Other temporary differences	**444**	**(1)**	**–**	**–**	**443**
Deferred tax asset	**5,259**	**(1,038)**	**(5)**	**1,416**	**5,632**
Intangible assets	**(1,763)**	**346**	**–**	**–**	**(1,417)**
Accelerated capital allowances	**(2,111)**	**(13)**	**–**	**–**	**(2,124)**
Other temporary differences	**(231)**	**231**	**–**	**–**	**–**
Deferred tax liability	**(4,105)**	**564**	**–**	**–**	**(3,541)**
Net deferred tax	**1,154**	**(474)**	**(5)**	**1,416**	**2,091**

Tax effect of temporary differences due to:	Brought forward Group £'000	IFRS 16 transition Group £'000	(Charged)/ credited to income statement Group £'000	Foreign currency adjustment Group £'000	(Charged)/ credited to share based payment reserve Group £'000	Acquisitions Group £'000	At 30 April 2020 Group £'000
Share based payments	579	–	139	–	(293)	–	425
IFRS 16 adjustment	–	3,933	461	(4)	–	–	4,390
Other temporary differences	520	–	(148)	4	–	68	444
Deferred tax asset	1,099	3,933	452	–	(293)	68	5,259
Intangible assets	(1,557)	–	117	–	–	(323)	(1,763)
Accelerated capital allowances	(1,821)	–	203	–	–	(493)	(2,111)
Other temporary differences	(41)	–	(190)	–	–	–	(231)
Deferred tax liability	(3,419)	–	130	–	–	(816)	(4,105)
Net deferred tax	(2,320)	3,933	582	–	(293)	(748)	1,154

A rate of 19% (2020: 19%) has been applied in the measurement of the Group's deferred tax assets and liabilities in the year. It was announced in the Budget on 3 March 2021 that the Income tax rate will increase to 25% on 1 April 2023. This rate was substantively enacted on 24 May 2021.

11. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the potentially dilutive instruments into ordinary shares.

	2021 Group Thousands	2020 Group Thousands
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at the beginning of the year	**101,656**	101,512
Shares issued during the year	**70**	144
Basic weighted average number of shares	**101,726**	101,656
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares for the year (as above)	**101,726**	101,656
Effect of share options in issue	**2,075**	855
Diluted weighted average number of shares	**103,801**	102,511

The number of shares detailed above differ from those in Note 24 due to the effect of weighting for the purposes of the earnings per share calculations.

The following reflects the income and share data used in the earnings per share computation:

	2021 Group £'000	2020 Group £'000
Profit attributable to ordinary equity holders of the Company	**21,657**	16,192

	2021 Group	2020 Group
Basic weighted average number of shares (thousands)	**101,726**	101,656
Basic earnings per share	**21.3p**	15.9p
Diluted weighted average number of shares (thousands)	**103,801**	102,511
Diluted earnings per share	**20.9p**	15.8p

12. Intangible assets

	Goodwill Group £'000	Contracts, customer relationships and licences Group £'000	Computer software Group £'000	Total Group £'000
Cost:				
At 1 May 2019	25,951	11,623	6,173	43,747
Additions	–	–	951	951
Acquisitions	(3,499)	1,882	–	(1,617)
Credited to the income statement	3,499	–	–	3,499
Disposals	–	–	(120)	(120)
Foreign currency adjustment	–	–	6	6
At 30 April 2020	25,951	13,505	7,010	46,466
Additions	**–**	**–**	**2,583**	**2,583**
Disposals	**–**	**–**	**(229)**	**(229)**
Foreign currency adjustment	**–**	**–**	**(2)**	**(2)**
At 30 April 2021	**25,951**	**13,505**	**9,362**	**48,818**
Accumulated amortisation:				
At 1 May 2019	–	3,437	2,969	6,406
Charge for the year	–	1,240	874	2,114
Disposals	–	–	(3)	(3)
Foreign currency adjustment	–	–	1	1
At 30 April 2020	–	4,677	3,841	8,518
Charge for the year	**–**	**1,264**	**1,031**	**2,295**
Disposals	**–**	**–**	**(185)**	**(185)**
Foreign currency adjustment	**–**	**–**	**(5)**	**(5)**
At 30 April 2021	**–**	**5,941**	**4,682**	**10,623**
Net book value:				
At 1 May 2019	25,951	8,186	3,204	37,341
At 30 April 2020	25,951	8,828	3,169	37,948
At 30 April 2021	**25,951**	**7,564**	**4,680**	**38,195**

The average remaining useful life of contracts and licences at 30 April 2021 is 6.2 years (2020: 7.3 years)

13. Impairment test for goodwill

The carrying amount of goodwill has been allocated to each cash generating unit (**"CGU"**) as follows:

	2021 Group £'000	2020 Group £'000
Value-added logistics services	**20,025**	20,025
Commercial vehicles	**5,926**	5,926
Total	**25,951**	25,951

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is determined based on value-in-use calculations.

The value-in-use calculations have used pre-tax cash flow projections based on the Board approved business plans for the three years ending 30 April 2024.

The business plans for the value-added logistics services segment take into account the annualised impact of contract wins in the year ended 30 April 2021 as well as confirmed new and ceasing contracts. The key judgment is the assumed new contract wins during the business plan period, which has been based on historical experience.

13. Impairment test for goodwill continued

Subsequent cash flows are extrapolated using an estimated long-term growth rate of 3.0% and 5.0% (2020: 3.0% and 5.0%) to perpetuity (2020: perpetuity). These are in line with what the Group considers the long-term growth rate is for the sectors in which the Group operates. The cash flows have then been discounted using a pre-tax risk adjusted discount rate of between 8.5% and 10.3% (2020: 8.9% and 10.7%). The forecasts of foreign operations are translated at the exchange rate ruling at the year end.

The estimated recoverable amount significantly exceeds the carrying amount. The Group has conducted sensitivity analysis on the impairment testing. The Directors have concluded that no reasonably foreseeable change in the key assumptions would give rise to an impairment.

14. Property, plant and equipment

	Leasehold property Group £'000	Motor vehicles Group £'000	Plant, machinery, fixtures & fittings Group £'000	Total Group £'000
Cost:				
At 30 April 2019	11,825	4,623	82,022	98,470
Transfer to right-of-use assets on transition[1]	(6,925)	(1,527)	(44,292)	(52,744)
At 1 May 2019	4,900	3,096	37,730	45,726
Transfer to right-of-use assets[2]	–	(205)	–	(205)
Additions	6,622	152	1,366	8,140
Acquisitions	–	–	2,899	2,899
Disposals	(20)	(352)	(503)	(875)
Foreign currency adjustment	1	17	(237)	(219)
At 30 April 2020	11,503	2,708	41,255	55,466
Transfer to right-of-use assets[2]	**–**	**–**	**(1,275)**	**(1,275)**
Transfer from right-of-use assets[3]	**22**	**162**	**8,958**	**9,142**
Additions	**3,296**	**27**	**3,789**	**7,112**
Disposals	**(51)**	**(35)**	**(888)**	**(974)**
Foreign currency adjustment	**–**	**(1)**	**(13)**	**(14)**
At 30 April 2021	**14,770**	**2,861**	**51,826**	**69,457**
Accumulated depreciation:				
At 30 April 2019	3,448	2,807	30,745	37,000
Transfer to right-of-use assets on transition[1]	(240)	(886)	(11,937)	(13,063)
At 1 May 2019	3,208	1,921	18,808	23,937
Transfer to right-of-use assets[2]	–	(61)	–	(61)
Charge for the year	1,090	239	1,915	3,244
Disposals	(20)	(347)	(243)	(610)
Foreign currency adjustment	(1)	8	(17)	(10)
At 30 April 2020	4,277	1,760	20,463	26,500
Transfer to right-of-use assets[2]	**(142)**	**–**	**(205)**	**(347)**
Transfer from right-of-use assets[3]	**–**	**162**	**8,158**	**8,320**
Charge for the year	**1,509**	**203**	**2,893**	**4,605**
Disposals	**(33)**	**(35)**	**(680)**	**(748)**
Foreign currency adjustment	**(1)**	**(4)**	**(19)**	**(24)**
At 30 April 2021	**5,610**	**2,086**	**30,610**	**38,306**
Net book value:				
At 30 April 2019	8,377	1,816	51,277	61,470
At 30 April 2020	7,226	948	20,792	28,966
At 30 April 2021	**9,160**	**775**	**21,216**	**31,151**

1 On transition to IFRS 16, assets which were previously recognised within property, plant and equipment have been reclassified as right-of-use assets.
2 Assets which have been funded through finance drawn after initial purchase.
3 Assets where finance has been repaid and ownership of the asset has transferred to the Group.

Plant, machinery, fixtures & fittings include £95,000 (2020: £79,000) in respect of assets in the course of construction.

15. Right-of-use assets

	Land and buildings Group £'000	Vehicles Group £'000	Other Group £'000	Total Group £'000
Cost:				
At 30 April 2019	–	–	–	–
Opening balance on transition	151,811	7,158	5,536	164,505
Transfer from property, plant and equipment[1]	6,925	1,527	44,292	52,744
At 1 May 2019	158,736	8,685	49,828	217,249
Transfer from property, plant and equipment[2]	–	205	–	205
Additions	4,426	6,847	2,496	13,769
Remeasurement of asset	388	–	–	388
Acquisitions	2,407	–	–	2,407
Disposals and other movements	(1,704)	(520)	(44)	(2,268)
Foreign currency adjustment	(158)	3	20	(135)
At 30 April 2020	164,095	15,220	52,300	231,615
Transfer from property, plant and equipment[2]	**–**	**–**	**1,275**	**1,275**
Transfer to property, plant and equipment[3]	**(22)**	**(162)**	**(8,958)**	**(9,142)**
Additions	**50,976**	**7,116**	**3,504**	**61,596**
Remeasurement of asset	**3,886**	**345**	**–**	**4,231**
Disposals and other movements	**–**	**(456)**	**(307)**	**(763)**
Foreign currency adjustment	**(34)**	**(1)**	**(25)**	**(60)**
At 30 April 2021	**218,901**	**22,062**	**47,789**	**288,752**
Accumulated depreciation:				
At 30 April 2019	–	–	–	–
Transfer from property, plant and equipment[1]	240	886	11,937	13,063
At 1 May 2019	240	886	11,937	13,063
Transfer from property, plant and equipment[2]	–	61	–	61
Charge for the year	20,960	4,529	7,457	32,946
Disposals and other movements	(222)	(354)	(10)	(586)
Foreign currency adjustment	(76)	–	(6)	(82)
At 30 April 2020	20,902	5,122	19,378	45,402
Transfer from property, plant and equipment[2]	**142**	**–**	**205**	**347**
Transfer to property, plant and equipment[3]	**–**	**(162)**	**(8,158)**	**(8,320)**
Charge for the year	**24,630**	**4,513**	**7,125**	**36,268**
Disposals and other movements	**–**	**(378)**	**(271)**	**(649)**
Foreign currency adjustment	**(60)**	**(2)**	**(33)**	**(95)**
At 30 April 2021	**45,614**	**9,093**	**18,246**	**72,953**
Net book value:				
At 30 April 2019	–	–	–	–
At 30 April 2020	143,193	10,098	32,922	186,213
At 30 April 2021	**173,287**	**12,969**	**29,543**	**215,799**

1 On transition to IFRS 16, assets which were previously recognised within property, plant and equipment have been reclassified as right-of-use assets.
2 Assets which have been funded through finance drawn after initial purchase.
3 Assets where finance has been repaid and ownership of the asset has transferred to the Group.

16. Investment in equity-accounted investees

	2021 Group £'000	2020 Group £'000
Brought forward	**634**	865
Share of profit/(loss) after tax for the period	**1,426**	(231)
Carried forward	**2,060**	634

The Company owns 50% of the issued capital and voting rights of Clicklink Logistics Limited ("**Clicklink**"), a company incorporated in Great Britain and registered in England and Wales. Clicklink provides services in respect of the sortation, fulfilment and delivery of one-man orders to click and collect customer collection points in the United Kingdom. On 1 November 2016 the Company subscribed for 1,000,000 A ordinary shares of £1 each in Clicklink, for aggregate consideration of £1,950,000.

Clicklink has a year end of 31 January which is in line with the year end of John Lewis, the other 50% joint venturer.

Summarised financial information from Clicklink's audited accounts for the year ended 31 January 2021 is set out below:

	31 January 2021 £'000	31 January 2020 £'000
Current assets	**8,518**	6,122
Non-current assets	**3,564**	4,093
Current liabilities	**(5,218)**	(4,690)
Non-current liabilities	**(4,075)**	(4,060)
Equity attributable to owners of the company	**2,789**	1,465

The following amounts are included in the above balances:

	31 January 2021 £'000	31 January 2020 £'000
Cash and cash equivalents included in current assets	**5,139**	2,580
Current financial liabilities	**–**	–
Non-current financial liabilities	**(3,900)**	(3,900)

	Year ended 31 January 2021 £'000	Year ended 31 January 2020 £'000
Revenue	**26,131**	27,315
Operating profit	**1,800**	42
Interest receivable	**1**	1
Interest payable and similar charges	**(135)**	(126)
Income tax (expense)/credit	**(342)**	7
Total comprehensive income/(loss) for the period	**1,324**	(76)

Depreciation and amortisation charges of £881,000 (2020: £819,000) are included in operating profit stated above.

The Group considered there to be no significant risks associated with the interest in this joint venture. Further information relating to balances due from and owed to Clicklink can be found in note 28.

17. Inventories

	2021 Group £'000	2020 Group £'000
Component parts and consumable stores	**5,416**	5,515
Commercial vehicles	**4,724**	5,601
Commercial vehicles on consignment	**12,557**	16,741
Total inventories net of provision for obsolescence	**22,697**	27,857

See below for the movements in the provision for obsolescence:

	Group £'000
At 1 May 2019	159
Charged for the year	215
Utilised	(82)
At 30 April 2020	292
Charged for the year	**131**
Utilised	**(240)**
At 30 April 2021	**183**

The cost of inventories recognised as an expense amounted to £90,881,000 (2020: £ 87,066,000).

Included within commercial vehicles is £1,127,000 (2020: £1,299,000) relating to assets held under hire purchase agreements.

18. Trade and other receivables

	2021 Group £'000	2020 Group £'000
Trade receivables	**107,437**	63,383
Less: provision for impairment of receivables	**(6,754)**	(463)
Trade receivables – net	**100,683**	62,920
Other receivables	**5,453**	1,749
Amounts receivable from related parties (see note 28)	**69**	2,069
Contract assets	**18,966**	13,303
Prepayments	**18,714**	22,701
Total trade and other receivables	**143,885**	102,742

The contract asset receivables relate to the Group's rights to consideration for work completed but not billed at the reporting date. They are transferred to receivables when the amounts are invoiced.

Included within prepayments is £7,546,000 (2020: £11,296,000) relating to costs to obtain customer contracts. These are amortised over the life of the customer contract with the charge being recognised within administration and other expenses once contract activities have commenced.

See note 27 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

See below for the movements in the provision for impairment:

	Group £'000
At 1 May 2019	316
Credit risk loss	477
Utilised	(330)
At 30 April 2020	463
Credit risk loss	**3,055**
Amounts written off in the year	**4,647**
Utilised	**(1,411)**
At 30 April 2021	**6,754**

The amounts written off in the year relate to a customer that entered administration. The Group policy is to write off debts owed by customers who enter administration.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large, unrelated and blue chip. Due to this, management believes there is no further credit risk provision required in excess of normal provision for doubtful receivables. The average credit period taken on sale of goods or services is 44 days (2020: 38 days). The Group applies the simplified approach permitted by IFRS 9, which requires the application of a lifetime expected loss provision to trade receivables. The provision calculations are based on historic credit losses applied to older balances. The basis of this provision is the historical credit losses over the past 5 years as a percentage of total revenue. This approach is followed for all receivables unless there are specific circumstances which would render the receivable irrecoverable and therefore require a specific provision. A provision is made against trade receivables until such time as the Group believes the amount to be irrecoverable, after which the trade receivable or contract receivables balance is written off.

18. Trade and other receivables continued

The ageing analysis of trade receivables was as follows:

	Total Group £'000	Neither past due nor impaired Group £'000	Past due but not impaired 30-60 days Group £'000	60-90 days Group £'000	>90 days Group £'000
30 April 2021	**100,683**	**90,181**	**3,038**	**714**	**6,750**
30 April 2020	62,920	50,068	4,296	1,991	6,565

19. Cash and cash equivalents

	2021 Group £'000	2020 Group £'000
Cash and cash equivalents	**17,998**	2,724
Bank overdraft	**–**	–
Total cash and cash equivalents	**17,998**	2,724

20. Trade and other payables

	2021 Group £'000	2020 Group £'000
Trade payables	**73,859**	47,250
Consignment inventory payables	**15,442**	23,579
Amounts payable to related parties (see note 28)	**840**	355
Other taxes and social security	**26,030**	21,524
Other payables	**3,676**	2,868
Contract liabilities	**39,264**	22,423
Accruals	**15,565**	12,814
Total trade and other payables	**174,676**	130,813

The contract liabilities primarily relate to the consideration invoiced to customers in advance of the work being completed.

21. Financial liabilities: borrowings

	2021 Group £'000	2020 Group £'000
Non-current:		
Bank loans	**15,677**	126
Total non-current	**15,677**	126
Current:		
Bank loans	**160**	19,315
Total current	**160**	19,315
Total borrowings	**15,837**	19,441
Add: Lease liabilities (see note 22)	**227,817**	202,284
Less: Cash and cash equivalents	**17,998**	2,724
Non-current financial assets (see note 28)	**1,950**	1,950
Net debt (including leases)	**223,706**	217,051
Less: IAS 17 'operating leases'[1]	**(206,762)**	(172,001)
Net debt (Historic IAS 17 basis)	**16,944**	45,050

1 IAS 17 'operating leases' relate to those leases that were recognised as operating leases prior to the adoption of IFRS 16. Net debt on a historic IAS 17 basis is one of the measures applied to the Group's banking covenants.

The maturity analysis of the bank loans at 30 April is as follows:

	2021 Group £'000	2020 Group £'000
In one year or less	**160**	19,315
Between one and five years	**15,677**	126
After five years	**–**	–
Total bank loans	**15,837**	19,441

The principal lender has security over all assets of the Group's UK operations. The Group's principal bank facility of £45,000,000 consists of:

- a Revolving Credit Facility of £34,000,000 repayable in November 2023; interest rate 1.75% above LIBOR. The amount drawn at 30 April 2021 was £16,000,000 (2020: £19,000,000);
- a committed overdraft of £8,000,000. The amount drawn at 30 April 2021 was £nil (2020: £nil); and
- bonds and guarantees of £3,000,000.

In July 2020 the Group's principal banking facilities were extended to November 2023. Debt issue costs of £467,000 were incurred in relation to this extension.

In addition to the Revolving Credit Facility above, other items included within bank loans at 30 April 2021 are as follows:

- other bank loans – £229,000 repayable in monthly instalments over periods between 4 and 24 months; interest rates fixed at between 3.72% and 4.56%; and
- unamortised debt issue costs of £392,000 in relation to the principal facilities, which have been deducted from the total outstanding bank loans.

Changes in liabilities from financing activities:

	Bank loans Group £'000	Lease liabilities Group £'000
At 1 May 2020	19,441	202,284
Charges from financing cash flows		
Drawdown of bank loans	**–**	**–**
Repayment of bank loans	**(3,315)**	**–**
Debt issue costs paid	**(467)**	**–**
Repayment of lease liabilities	**–**	**(49,797)**
Total changes from financing cash flows	**(3,782)**	**(49,797)**
Changes arising from obtaining or losing control of subsidiaries or other business	**–**	**–**
The effect of changes in foreign exchange rates	**–**	**59**
Other changes		
New lease liabilities in respect of right-of-use assets	**–**	**61,851**
Remeasurement of lease liabilities	**–**	**4,204**
New finance advanced in respect of commercial vehicle inventories	**–**	**100**
Finance costs	**178**	**9,116**
Total other changes	**178**	**75,271**
At 30 April 2021	**15,837**	**227,817**

22. Lease liabilities

22.1 Lease liability movement

	Land and buildings Group £'000	Vehicles Group £'000	Other Group £'000	Total Group £'000
At 30 April 2019	–	–	–	–
Opening balance on transition	174,135	7,395	5,827	187,357
Reclassification of leases within borrowings	–	1,481	31,822	33,303
At 1 May 2019	174.135	8,876	37,649	220,660
Additions	2,110	7,319	6,944	16,373
Remeasurement of lease	388	–	–	388
Acquisition	2,183	–	–	2,183
Disposals	(1,569)	(84)	(36)	(1,689)
Repayments	(27,233)	(4,791)	(11,316)	(43,340)
Interest	7,418	367	253	8,038
Foreign currency adjustment	(174)	1	(156)	(329)
At 30 April 2020	157,258	11,688	33,338	202,284
Additions	**49,821**	**7,387**	**4,743**	**61,951**
Remeasurement of lease	**3,859**	**345**	**–**	**4,204**
Disposals	**–**	**–**	**–**	**–**
Repayments	**(30,148)**	**(6,081)**	**(13,568)**	**(49,797)**
Interest	**7,444**	**377**	**1,295**	**9,116**
Foreign currency adjustment	**28**	**3**	**28**	**59**
At 30 April 2021	**188,262**	**13,719**	**25,836**	**227,817**

22.2 Lease liability outstanding

	2021 Group £'000	2020 Group £'000
The present value of lease liabilities is as follows:		
Within one year	**39,349**	38,378
Later than one year and not later than five years	**112,743**	110,257
Later than five years	**75,725**	53,649
Total lease liabilities	**227,817**	202,284

The Group leases warehousing facilities, commercial vehicles and other logistics equipment for use in its operations. Typical lease periods for new warehouse rental contracts are between three and ten years although some property leases are for longer periods with intervening break clauses. The average period for vehicles and equipment is four years. The amounts charged to the income statement for depreciation and interest relating to lease liabilities are shown in note 6 and note 8.

Measurement of leases requires judgments to be made by management; for details see note 2.8 for the Group's accounting policy for leases and note 2.26 which details the judgments involved.

The expense relating to short-term leases was £5,414,000 (2020: £2,572,000). The expense relating to variable lease payments not included in lease liabilities was £nil (2020: £nil). Income recognised from sub-leasing was £nil (2020: £nil).

The total cash outflow for leases, including short-term and low value leases, for the year ended 30 April 2021 was £55,211,000 (2020: £45,912,000).

23. Provisions

	Redundancy provision Group £'000	Onerous contracts Group £'000	Uninsured losses Group £'000	Dilapidations Group £'000	Total Group £'000
At 30 April 2019	–	–	–	1,824	1,824
IFRS 16 transitional adjustment	–	–	–	4,086	4,086
At 1 May 2019	–	–	–	5,910	5,910
Additions to right-of-use asset	–	–	–	233	233
Acquisition	400	–	–	224	624
Utilised	–	–	(122)	(498)	(620)
Charged in year	–	–	122	367	489
Foreign exchange adjustment	–	–	–	(16)	(16)
At 30 April 2020	400	–	–	6,220	6,620
Additions to right-of-use asset	**–**	**–**	**–**	**1,154**	**1,154**
Utilised	**–**	**–**	**(134)**	**(245)**	**(379)**
Charged in year	**4,853**	**195**	**134**	**935**	**6,117**
Foreign exchange adjustment	**–**	**–**	**–**	**(4)**	**(4)**
At 30 April 2021	**5,253**	**195**	**–**	**8,060**	**13,508**

Provisions have been analysed between current and non-current as follows:

	2021 Group £'000	2020 Group £'000
Current	**6,173**	99
Non-current	**7,335**	6,521
Total	**13,508**	6,620

Redundancy provision
In the current year, further provisions have been made in relation to a contract lost through insolvency of the customer and another contract where operations have been scaled down. Of the total redundancy costs provided in the year, £4,400,000 is being reimbursed as part of an agreement with a third party and is included within other receivables (see note 18).

Onerous contracts
During the year the Group became aware of a customer's intention to terminate its contract during the year ending 30 April 2022. A review of this contract identified that a loss is anticipated on termination, therefore a provision has been made in the current year for this expected loss.

Uninsured losses
The uninsured losses provision is in respect of the cost of claims (generally for commercial vehicles and employment related) which are either not insured externally or fall below the excess on the Group's insurance policies.

Dilapidations
Prior to adoption of IFRS 16 in the year ended 30 April 2020, provisions were established over the life of leases to cover remedial work necessary at termination under the terms of those leases.

On transition to IFRS 16, the net present value of expected dilapidation provision for each property was included in the calculation of the right-of-use asset.

The charge for the year is made up of £265,000 relating to the unwinding of the discount (see note 8), £130,000 relating to the return in condition provision for hired vehicles which is recognised within administration expenses, and £540,000 relating to a specific provision for a property the Group is due to exit in the year ending 30 April 2022.

24. Capital and reserves

Share capital

	2021 Company £'000	2020 Company £'000
Allotted, called up and fully paid:		
101,804,824 (2020: 101,662,415) ordinary shares of 0.05p each	**51**	51

The holders of ordinary shares are entitled to receive dividends as declared from time to time. At general meetings of shareholders each shareholder (or appointed proxy) present in person is entitled to vote; on a show of hands each person has one vote, and on a poll has one vote per share. During the year the Group issued 142,409 ordinary shares to satisfy employee share options, for aggregate consideration of £306,000. The new shares rank pari passu with all existing ordinary shares in issue. See also note 25 below.

Share premium reserve

The share premium reserve represents amounts paid in excess of the nominal value of shares.

Currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the Financial Statements of foreign operations as well as from any translation of liabilities that hedge the Group's net investment in foreign subsidiaries.

Merger reserve

At 30 April 2014 the Company went through a restructure which resulted in the recognition of a merger reserve with a balance of £6,006,000. Details of the transaction which resulted in this reserve are included in note 2.3.

Share based payment reserve

The Company operates a Performance Share Plan and a Sharesave Plan for the benefit of its employees, the accounting for which requires a separate reserve as accounted for per the policy described in note 2.20c. Further information on these transactions can be found in note 25.

25. Share based payments

The Clipper Performance Share Plan ("**PSP**") was approved by shareholders on 29 September 2014. The PSP enables selected Directors and employees of the Group to be granted awards in respect of ordinary shares. Share Awards under the PSP will ordinarily be structured as nil-cost share options with the vesting of Share Awards being subject to performance conditions measured over a period of at least three years. A summary of the principal terms of the PSP, including vesting conditions, is contained in the Directors' Remuneration Report on pages 70 to 85.

The Clipper Sharesave Plan is a share plan for all UK employees in the Group, and offers them the opportunity to acquire an interest in shares in the Company on favourable terms within the long-standing regime allowed by HMRC legislation. All UK staff are invited to participate on the same terms, and employees who choose to participate are granted an option over shares in the Company, with the exercise of that option being funded by the proceeds of a savings contract taken out by the relevant employee, under which the employee saves a set amount each month over a set period. The options granted in the year were offered with a three year savings contract, under which the employee could elect to save between £5 and £500 per month.

Option movements and weighted average exercise prices ("WAEP") during the year were as follows:

Date	PSP Number	WAEP	Sharesave Number	WAEP
Outstanding 1 May 2019	1,812,487	nil	2,380,756	213.21p
Granted during the year	–	nil	–	–
Forfeited during the year	(412,510)	nil	(421,652)	232.38p
Exercised during the year	–	nil	(47,893)	239.34p
Outstanding 30 April 2020	1,399,977	nil	1,911,211	208.33p
Granted during the year	**428,305**	**nil**	**632,832**	**485.34p**
Forfeited during the year	**(701,981)**	**nil**	**(288,352)**	**241.32p**
Exercised during the year	**(48,204)**	**nil**	**(94,205)**	**324.13p**
Outstanding 30 April 2021	**1,078,097**	**nil**	**2,161,486**	**279.98p**

At 30 April 2021, the range of exercise prices for the various schemes were 193.34p–485.34p (2020: 193.34p–379.74p). At 30 April 2021, the weighted average remaining contractual life was 2.0 years (2020: 2.3 years).

At 30 April 2021, PSP options over 459,364 (2020: 507,568) and Sharesave options over 32,616 (2020: 103,131) of the above shares were exercisable.

The fair value of the share options is measured at the grant date, using the Black-Scholes model and taking into account the terms and conditions upon which the instruments were granted.

The key inputs to the model are:

Share price at:	2021
26 January 2021	570.00p
4 February 2021	585.00p
Expected life of the option	3.5 years
Volatility	53-54%
Dividend yield	1.71-1.75%

The expected life of the options has been estimated as six months beyond vesting date. Volatility has been calculated as a rolling three year period up to the week prior to grant. The dividend yield is calculated by applying dividends paid in the preceding 12 months to the share price at the grant date.

The cost of the options is recognised over the expected vesting period. The total charge for the year ended 30 April 2021 relating to employee share based payment plans was £650,000 (2020: £348,000). The fair value of share options at 30 April 2021 to be amortised in future years was £3,578,000 (2020: £809,000).

All share based payments in both years are equity settled.

26. Capital commitments

	2021 Group £'000	2020 Group £'000
Authorised and contracted for	**3,656**	1,243
Authorised but not contracted for	**8,390**	2,392
Total capital commitments	**12,046**	3,635

27. Financial instruments and financial risk management objectives and policies

In accordance with IFRS 9 the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements. The Group did not identify any such derivatives.

The Group is exposed to a number of different market risks in the normal course of business including credit, interest rate and foreign currency risks.

Credit risk

Credit risk predominantly arises from trade receivables and cash and cash equivalents. The Group has a customer credit policy in place and the exposure to credit risk is monitored on an ongoing basis. External credit ratings are generally obtained for customers; Group policy is to assess the credit quality of each customer before accepting any terms of trade.

Internal procedures take into account customers' financial positions as well as their reputation within the industry and past payment experience. Cash and cash equivalents and derivative financial instruments are held with AAA or AA rated banks. Financial instruments classified as fair value through profit or loss and available for sale are all publicly traded on the UK London Stock Exchange. Given the high credit quality of counterparties with whom the Group has investments, the Directors do not expect any counterparty to fail to meet its obligations.

At 30 April 2021 the Group had a significant concentration of credit risk held by two customers, each representing more than 10% of total trade debtors at the year end. The amounts outstanding by these two customers totalled £23,054,000 or 22.9% of total trade debtors. There are no concerns over the recovery of these balances (2020: £nil). The Group's maximum exposure to credit risk, gross of any collateral held, relating to its financial assets is equivalent to their carrying value. All financial assets have a fair value which is equal to their carrying value, as a consequence of their short maturity. The Group did not have any financial instruments that would mitigate the credit exposure arising from the financial assets designated at fair value through profit or loss in either the current or the preceding financial year.

Interest rate risk

The Group adopts a policy of ensuring that there is an appropriate mix of fixed and floating rates in managing its exposure to changes in interest rates on borrowings. Interest rate swaps are entered into, where necessary, to achieve this appropriate mix.

Interest rate sensitivity

The Group's borrowings are largely denominated in Pounds Sterling and the Group is therefore exposed to a change in the relevant interest rate. With all other variables held constant, the impact of a reasonably possible increase in interest rates of 50 basis points (2020: 50 points) on that portion of borrowings affected would be to reduce the Group's profit before tax by £162,000 (2020: £103,000).

27. Financial instruments and financial risk management objectives and policies continued

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than Pounds Sterling. The currencies giving rise to this risk are primarily the Euro and Polish Złoty. The volume of transactions denominated in foreign currencies is not significant to the Group.

The exposure to a short-term fluctuation in exchange rates on the investment in foreign subsidiaries is not expected to have a material impact on the results of the Group.

Capital management

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade profitably in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group manages its capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing ratio on a regular basis and adjusting the level of dividends paid to ordinary shareholders.

The Group considers its capital to include equity and net debt. Net debt includes short and long-term borrowings (including overdrafts and lease obligations) net of cash and cash equivalents.

The Group has not made any changes to its capital management during the year. The Group has no long-term gearing ratio target. Borrowings are taken out to invest in the acquisition of subsidiaries, new sites or depots and are considered as part of that investment appraisal. Key measures monitored by the Group are interest cover and net debt compared to earnings before interest, tax, depreciation and amortisation.

In order to achieve the overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings. The Group has satisfied all such financial covenants in both years.

	2021 Group £'000	2020 Group £'000
EBIT (excluding impact of IFRS 16)	**31,346**	24,077
Finance costs (net) (excluding impact of IFRS 16)	**2,541**	2,722
Interest cover	**12.3**	8.8

	2021 Group £'000	2020 Group £'000
EBIT (excluding impact of IFRS 16)	**31,346**	24,077
Depreciation and impairment of property, plant and equipment	**10,632**	9,633
Amortisation and impairment of computer software	**1,031**	874
Earnings before interest, tax, depreciation and amortisation (EBITDA) (excluding impact of IFRS 16)	**43,009**	34,584
Net debt (note 21)	**16,944**	45,050
Net debt/EBITDA	**0.39**	1.30

Liquidity risk

Management closely monitors available bank and other credit facilities in comparison to the Group's outstanding commitments on a regular basis to ensure that the Group has sufficient funds to meet the obligations of the Group as they fall due.

The Board receives regular cash forecasts which estimate the cash inflows and outflows over the next 24–36 months, so that management can ensure that sufficient financing can be arranged as it is required. The Group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

Estimation of fair values

The main methods and assumptions used in estimating the fair values of financial instruments are as follows:

- interest-bearing loans and borrowings: fair value is calculated based on discounted expected future principal and interest cash flows; and
- trade and other receivables/payables: the notional amount for trade receivables/payables with a remaining life of less than one year are deemed to reflect their fair value.

	2021 Book value Group £'000	2021 Fair value Group £'000	2020 Book value Group £'000	2020 Fair value Group £'000
Non-current financial assets	**1,950**	**1,950**	1,950	1,907
Current financial assets:				
Cash and cash equivalents	**17,998**	**17,998**	2,724	2,724
Trade and other receivables	**143,885**	**143,885**	102,742	102,742
Liabilities:				
Bank overdraft	**–**	**–**	–	–
Short-term borrowings	**(160)**	**(160)**	(19,315)	(19,315)
Lease liabilities: short-term	**(39,349)**	**(39,349)**	(38,378)	(38,378)
Trade and other payables	**(174,676)**	**(174,676)**	(130,813)	(130,813)
Long-term borrowings	**(15,677)**	**(15,675)**	(126)	(120)
Lease liabilities: long-term	**(188,468)**	**(188,051)**	(163,906)	(163,411)

Long-term borrowings are classified as Level 2 (items with significant observable inputs) financial liabilities under IFRS 13. There have been no transfers between Level 1 and Level 2 financial instruments during the year.

The following are the contractual maturities of financial liabilities, including interest payments:

As at 30 April 2021

	Carrying amount Group £000	Contractual cash flows Group £000	Less than 1 year Group £000	Between 1 to 5 years Group £000	Over 5 years Group £000
Non-derivative financial liabilities					
Bank loans and overdrafts	**15,837**	**15,837**	**160**	**15,677**	**–**
Trade and other payables	**174,676**	**174,676**	**174,676**	**–**	**–**
Lease liabilities	**227,817**	**280,726**	**48,522**	**138,869**	**93,335**

As at 30 April 2020

	Carrying amount Group £000	Contractual cash flows Group £000	Less than 1 year Group £000	Between 1 to 5 years Group £000	Over 5 years Group £000
Non-derivative financial liabilities					
Bank loans and overdrafts	19,441	19,441	19,315	126	–
Trade and other payables	130,813	130,813	130,813	–	–
Lease liabilities	202,284	229,829	42,995	123,761	63,073

28. Related party disclosures

Clicklink Logistics Limited (see note 16) is a supplier of logistics services to the Group. The Group provides certain resources to Clicklink, principally people and vehicles, under the terms of the joint venture agreement. Amounts charged for these resources are included in revenue.

Branton Court Stud LLP, in which Steve Parkin is a partner, receives management, recharge of expenditure and administration services from the Company. During the year £4,000 (2020: £590,000) was recharged to Branton Court Stud LLP for management time of Directors and other key management personnel in proportion to the time spent on non-Clipper-related activities.

During the year, £480,000 (2020: £nil) was paid to Branton Court Stud LLP as reimbursement of costs incurred on behalf of the Company in relation to sponsorship related to the year ending 30 April 2022.

28. Related party disclosures continued

During the year, the Company paid £268,000 for flight credits to be utilised for business travel. The amount was paid to Branton Court Stud LLP. The agreement was subsequently cancelled as a result of COVID-19 restrictions and the full amount was refunded on 23 April 2021 by Knaresborough Aviation LLP.

In the year the Company paid Branton Court Stud LLP £57,000 (2020: £70,000) received in relation to horse race winnings. These monies were not intended for the Company and were paid to Branton Court on the same day.

Microlise Group plc supplies IT equipment for use within fleet vehicles to the Group. Microlise Group plc and Clipper Logistics plc have a common director.

Roydhouse Properties Limited is the landlord of two of the Company's leasehold properties and has common directors with Clipper Logistics plc. In addition, during the year, £80,000 was paid to Roydhouse Properties Limited as a contribution towards renovations at one of the leasehold properties. These transactions are conducted at an arm's length on normal commercial terms.

Southerns Office Interiors Limited supplies office furniture to the Company as well being a customer to the Group. Steve Parkin is registered as a person with significant control over Southerns Limited, the ultimate Parent of Southerns Office Interiors Limited.

During the year, £26,000 (2020: £138,000) was received from Steve Parkin in relation to repaying Clipper for personal expenditure incurred on a company credit card. At 30 April 2021 £nil (2020: £nil) was outstanding.

Balances owing to or from these related parties at 30 April were as follows:

	2021 Group £'000	2020 Group £'000
Non-current financial assets:		
Clicklink Logistics Limited – interest-bearing loan	1,950	1,950
Trade and other receivables:		
Clicklink Logistics Limited – trading balance	67	2,066
Branton Court Stud LLP	1	2
Southerns Office Interiors Limited	1	1
Trade and other payables:		
Clicklink Logistics Limited	342	179
Microlise Group plc	498	–
Roydhouse Properties Limited	–	176

The shareholders in Clicklink Logistics Limited have jointly made available to that company a term loan facility of £3,900,000 of which the Company's 50% share is £1,950,000. The facility may be drawn in up to ten loans. Interest on each loan is calculated at a margin above 12 month LIBOR and is payable annually. All loans drawn under the facility are repayable in November 2022.

Transactions with these related parties in the year ended 30 April were as follows:

	2021 Group £'000	2020 Group £'000
Items credited to the income statement:		
Clicklink Logistics Limited – revenue	16,447	19,088
Clicklink Logistics Limited – finance income	52	59
Branton Court Stud LLP	6	590
Southerns Office Interiors Limited	170	9
Items charged to the income statement:		
Clicklink Logistics Limited	3,396	2,438
Branton Court Stud LLP	6	–
Knaresborough Investments Limited	–	1
Knaresborough Real Estate Limited	–	265
Roydhouse Properties Limited	765	808
Purchase of non-current assets:		
Microlise Group plc	1,063	–
Roydhouse Properties Limited	80	–

29. Business combinations

Raven Mill operation

In April 2019, the Company entered into a series of contracts with a customer, which when combined represented a business combination in accordance with IFRS 3 'Business Combinations'. The acquisition consists of premises, assets and a workforce, together carrying out a logistics service business that is now carried out by the Company. The business acquired is an unincorporated entity. Several areas required significant judgment by management, in particular that the transfer of employees under TUPE and the lease of the premises commenced only after 30 April 2019 limiting the ability of the Group to control the relevant activities of the acquired business. On balance the Group has concluded that the effective date of the business combination was 1 July 2019 and that this series of transactions should be reflected within the year ended 30 April 2020. This is when management has concluded that control has passed to the Group. The Group has carried out a fair value exercise of the business combination, which gave rise to 'negative goodwill' of £3,499,000. The 'negative goodwill' was recognised within the Group income statement in the year ended 30 April 2020.

The fair value table for the business combination is shown below.

Purchase consideration and cash flows:

	Group £'000
Cash consideration paid	2,899
Cash consideration receivable	(2,765)
Total net consideration payable	**134**

Acquisition:

	Fair values Group £'000
Assets:	
Property, plant and equipment	2,899
Right-of-use asset	2,407
Customer relationship	1,882
Liabilities:	
Lease liabilities	(2,183)
Long-term provisions	(624)
Deferred tax liabilities	(748)
Total identifiable net assets at fair value	3,633
'Negative goodwill' arising on acquisition	(3,499)
Total consideration	134

As part of the series of transactions, in August 2021 the customer paid the Company consideration in return for the Company assuming certain potential liabilities. This results in the net consideration payable being less than the fair value of net assets acquired, principally the customer relationship, which gave rise to 'negative goodwill'.

Professional fees and costs in relation to the acquisition amounting to £41,000 were charged to the income statement in the year ended 30 April 2020 and were included within administrative expenses.

30. Post balance sheet events

On 19 May 2021, Clipper Logistics plc acquired the entire £1,000 share capital of Wippet Ltd, a company registered in England and Wales with registered number 13115709. This transaction does not have a significant impact on the financial statements of the Group.

Company Statement of Financial Position

At 30 April

	Note	2021 Company £'000	2020 Company £'000
Assets:			
Non-current assets			
Goodwill		5,712	5,712
Other intangible assets		11,264	10,520
Intangible assets	E	16,976	16,232
Property, plant and equipment	F	26,265	24,667
Right-of-use assets	G	185,727	160,837
Investment in subsidiaries	H	28,917	28,917
Other investments	H	1,950	1,950
Non-current financial assets	T	1,950	1,950
Deferred tax assets	P	802	–
Total non-current assets		**262,587**	234,553
Current assets			
Inventories	I	871	946
Trade and other receivables	J	130,737	90,340
Cash and cash equivalents		1,440	143
Total current assets		**133,048**	91,429
Total assets		**395,635**	325,982
Equity and liabilities:			
Current liabilities			
Trade and other payables	K	137,688	89,699
Financial liabilities: borrowings	L	160	31,990
Lease liabilities: short-term	N	31,854	31,249
Short-term provisions	O	6,058	99
Current income tax liabilities		618	1,257
Total current liabilities		**176,378**	154,294
Non-current liabilities			
Financial liabilities: borrowings	L	15,677	126
Lease liabilities: long-term	N	164,634	142,882
Long-term provisions	O	5,225	4,594
Deferred tax liabilities	P	-	81
Total non-current liabilities		**185,536**	147,683
Total liabilities		**361,914**	301,977
Equity shareholders' funds			
Share capital	Q	51	51
Share premium		2,480	2,174
Currency translation reserve		(96)	(24)
Other reserve		851	851
Share based payment reserve		3,589	1,669
Retained earnings		26,846	19,284
Total equity attributable to the owners of the Company		**33,721**	24,005
Total equity and liabilities		**395,635**	325,982

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account or subsequent notes. The Company's profit for the year was £17,790,000 (2020: £16,553,000).

Approved by the Board on 24 August 2021 and signed on its behalf by:

DA Hodkin
Chief Financial Officer
Company No. 03042024

Company Statement of Changes in Equity

For the year ended 30 April

	Share capital Company £'000	Share premium Company £'000	Currency translation reserve Company £'000	Other reserve Company £'000	Carried forward Company £'000
Balance at 1 May 2019	51	2,060	(5)	851	2,957
Profit for the year	–	–	–	–	–
Other comprehensive (expense)	–	–	(19)	–	(19)
Equity settled transactions	–	–	–	–	–
Share issue	–	114	–	–	114
Dividends	–	–	–	–	–
Balance at 30 April 2020	51	2,174	(24)	851	3,052
Profit for the year	**–**	**–**	**–**	**–**	**–**
Other comprehensive (expense)	**–**	**–**	**(72)**	**–**	**(72)**
Equity settled transactions	**–**	**–**	**–**	**–**	**–**
Share issue	**–**	**306**	**–**	**–**	**306**
Dividends	**–**	**–**	**–**	**–**	**–**
Balance at 30 April 2021	**51**	**2,480**	**(96)**	**851**	**3,286**

	Brought forward Company £'000	Share based payment reserve Company £'000	Retained earnings Company £'000	Total Company £'000
Balance at 1 May 2019	2,957	1,643	28,313	32,913
IFRS 16 transition adjustment	–	–	(15,436)	(15,436)
Profit for the year	–	–	16,553	16,553
Other comprehensive (expense)	(19)	–	–	(19)
Equity settled transactions	–	26	20	46
Share issue	114	–	–	114
Dividends	–	–	(10,166)	(10,166)
Balance at 30 April 2020	3,052	1,669	19,284	24,005
Profit for the year	**–**	**–**	**17,790**	**17,790**
Other comprehensive (expense)	**(72)**	**–**	**–**	**(72)**
Equity settled transactions	**–**	**1,920**	**146**	**2,066**
Share issue	**306**	**–**	**–**	**306**
Dividends	**–**	**–**	**(10,374)**	**(10,374)**
Balance at 30 April 2021	**3,286**	**3,589**	**26,846**	**33,721**

Notes to the Company Financial Statements

A. Authorisation of Financial Statements and statement of compliance with UK GAAP

The Parent Company Financial Statements of Clipper Logistics plc (the "**Company**") for the year ended 30 April 2021 were authorised for issue by the Board of Directors on 24 August 2021 and the Company Statement of Financial Position was signed on the Board's behalf by David Hodkin. Clipper Logistics plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange.

The Financial Statements are prepared in accordance with UK accounting standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("**FRS 101**"). The Financial Statements are prepared under the historical cost convention.

The results of Clipper Logistics plc are included in the consolidated Financial Statements of Clipper Logistics plc which are available from the Company Secretary at Gelderd Road, Leeds, LS12 6LT.

The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 30 April 2021. The Financial Statements are prepared in Pounds Sterling and are rounded to the nearest thousand pounds (£'000).

B. Accounting policies

The Financial Statements have been prepared in accordance with the Companies Act 2006 and with applicable accounting standards in the United Kingdom.

B.1 Basis of preparation

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of paragraphs 45(b) and 46–52 of IFRS 2 'Share Based Payment';

(b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j)–B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 'Business Combinations';

(c) the requirements of IFRS 7 'Financial Instruments: Disclosures';

(d) the requirements of paragraphs 91–99 of IFRS 13 'Fair Value Measurement';

(e) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

  i. paragraph 79(a)(iv) of IAS 1;

  ii. paragraph 73(e) of IAS 16 'Property, Plant and Equipment';

  iii. paragraph 118(e) of IAS 38 'Intangible Assets';

  iv. paragraphs 76 and 79(d) of IAS 40 'Investment Property'; and

  v. paragraph 50 of IAS 41 'Agriculture';

(f) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 'Presentation of Financial Statements';

(g) the requirements of IAS 7 'Statement of Cash Flows';

(h) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';

(i) the requirements of paragraph 17 of IAS 24 'Related Party Disclosures'; the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and

(j) the requirements of paragraphs 134(d)–134(f) and 135(c)–135(e) of IAS 36 'Impairment of Assets'.

B.2 Going concern

The Financial Statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the Financial Statements, the Directors are required to consider whether the Company and the Group can continue in operational existence for the foreseeable future.

Further information in relation to the Group's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Strategic Report section of this report on pages 1 to 55.

Note 27 to the Group Financial Statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to foreign exchange, credit and interest rate risk.

The Company Statement of Financial Position at 30 April 2021 shows current assets of £133,048,000 (2020: £91,429,000) and current liabilities of £176,378,000 (2020: £154,294,000). Net current liabilities are therefore £43,330,000 (2020: £62,865,000). The Group has access to a non-amortising Revolving Credit Facility of £34,000,000 repayable in November 2023 and an overdraft facility of £8,000,000, an aggregate of £42,000,000 of which £16,000,000 was drawn at 30 April 2021 (see note 21 to the Group Financial Statements). The Company's forecasts and projections show that the Company should be able to operate without the need for any increase in borrowing facilities.

The Directors have assessed the future funding requirements of the Group and the Company and compared them to the bank facilities which are now available. The assessment included a detailed review of financial and cash flow forecasts for at least the 12 month period from the date of signing the Annual Report. The Directors considered a range of potential scenarios within the key markets the Group serves and how these might impact the Group's cash flow. The Directors also considered what mitigating actions the Group could take to limit any adverse consequences.

The Group's forecasts and projections show that the Group should be able to operate without the need for any increase in borrowing facilities.

Having undertaken this work, the Directors are of the opinion that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

B.3 Property, plant and equipment
Property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Leasehold property over the length of the lease
- Plant and machinery 2 – 20 years
- Motor vehicles 4 – 8 years

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included within 'other net gains' in the income statement when the asset is derecognised.

B.4 Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

B.5 Lease liability
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include lease payments less any lease incentives receivable. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payment profile.

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the estimated useful life of the asset and the lease term; where the lease contains an option to purchase which is expected to be exercised, the asset is depreciated over the useful life of the asset.
The accounting policy adopted for finance leases is also applied to hire purchase agreements.

B. Accounting policies continued

B.6 Investments

Non-current investments are shown at cost less provision for impairment.

B.7 Intangible assets

(a) Contracts and licences

Intangible assets recognised in relation to contracts or licences are amortised over the length of the relevant agreement.

(b) Goodwill

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which require that all goodwill be amortised. The Directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the Financial Statements of this departure.

(c) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development employee costs and overheads directly attributable to bringing the asset into use.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding five years).

B.8 Inventories – component parts and consumable stores

Inventories of component parts and consumable stores are valued at the lower of cost and net realisable value on a line by line basis. Provision is made for obsolete and slow-moving items.

B.9 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'administration expenses'.

When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administration expenses' in the income statement.

B.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Company Statement of Financial Position.

B.11 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

B.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

B.13 Income tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or losses.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

B.14 Employee benefits
(a) Pension obligations
The Company operates various pension schemes. The schemes are generally funded through payments to insurance companies. The Company has only defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity.

For defined contribution plans, the Company pays contributions to privately administered pension insurance plans on a contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

(b) Post-retirement benefits
The Company provides no other post-retirement benefits to its employees.

(c) Profit-sharing and bonus plans
The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Share based payments
IFRS 2 requires the recognition of equity settled share based payments at fair value at the date of the grant. All equity settled share based payments are ultimately recognised as an expense in the income statement with a corresponding credit to share based payment reserve.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period based on the best available estimate of the number of shares expected to vest. Estimates are revised subsequently if there is any indication that the number of shares expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. The financial effects of awards by the Company of options over its equity shares to employees of subsidiary undertakings are charged to the employing entity. Amounts recharged by the Company are recognised as an intra-Group receivable with a corresponding credit to equity.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital and where appropriate, share premium.

B.15 Provisions
Provisions for items such as dilapidations and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is expected to be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

B. Accounting policies continued

B.16 Foreign currency translation

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The Company does not apply hedge accounting of foreign exchange risks in its Company Financial Statements.

B.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. In practice this means that revenue is generally recognised when the service is rendered. Invoicing varies by contract, but is typically either in line with work performed or initially on a budgeted volume basis with later adjustment to reflect actual activity. Where a contract contains elements of variable consideration, the Company will estimate the amount of revenue to which it will be entitled under the contract. Variable consideration can arise as a result of incentives, performance bonuses, penalties or other similar items. Variable consideration is recognised only to the extent that it is highly probable that the economic benefit will transfer to the Company. Calculation of accrued and deferred income is therefore necessary at period ends, with client billing arrangements not always coinciding with the Company's reporting periods. Revenue from open book contracts includes contributions to the capital cost of items used in the delivery of services, together with a finance charge. Judgment is required when determining the appropriate timing and amount of revenue that can be recognised, due to the different contractual arrangements in place.

B.18 Intra-Group guarantees

Where the Company enters into contracts to guarantee the indebtedness of other companies within the Group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

B.19 Judgments and key sources of estimation uncertainty

The preparation of the financial information under FRS 101 requires management to make judgments, estimates and assumptions concerning the future. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates 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 below.

(a) Revenue recognition

Judgment is required when determining the appropriate timing and amount of revenue that can be recognised, due to the various contractual arrangements in place, each with bespoke terms which can lead to different revenue recognition requirements.

Estimates and judgments are continually evaluated by management, on a case-by-case basis, based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(b) Estimated impairment of goodwill

The Company annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, both in arriving at the expected future cash flows and the application of a suitable discount rate in order to calculate the present value of these flows.

(c) Lease accounting

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

- Determination of the incremental borrowing rate:

  The Company uses incremental borrowing rates specific to each lease and the rates range between 2.84% and 5.79% translating to an average rate of 4.31%. A 100-basis point increase in the rate would cause the lease liabilities to decrease by £7,143,000 and the right-of-use asset to decrease by £9,094,000. A 100-basis point decrease in the rate would cause the lease liabilities to increase by £7,770,000 and the right-of-use asset to increase by £10,073,000.

- Determination of the lease term:

  In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (periods after termination options) are only included in the lease terms if the lease is reasonably certain to be extended (or not terminated).

  The Company has determined that the lease of premises will not be extended beyond the termination date and has therefore used the termination date as stated within the lease. Where a break clause exists within the lease, the Company has determined that these are not expected to be exercised and has therefore used the full term of the lease within the lease liability calculation.

C. Auditor's remuneration

Remuneration payable to the Company's auditor is shown in note 6 to the Group Financial Statements.

D. Staff costs

	2021 Company £'000	2020 Company £'000
Wages and salaries	**169,952**	135,284
Social security costs	**15,352**	11,956
Pension costs for the defined contribution scheme	**4,158**	3,607
Share based payments	**497**	286
Total	**189,959**	151,133

The UK Government made available a range of financial support to help companies during the COVID-19 pandemic, including the Coronavirus Job Retention Scheme (**"CJRS"**). During the year ended 30 April 2021, the company received £2,568,000 in Government grants through CJRS. The scheme has been utilised as it was intended in order to avoid redundancies in areas of the business that have been significantly impacted by the COVID-19 pandemic. Customers under open book contracts benefited from any cost savings received as a result.

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

	2021 Company Number	2020 Company Number
Warehousing	**6,132**	5,043
Distribution	**464**	446
Administration	**1,292**	939
Total	**7,888**	6,428

Key management compensation (including Executive Directors):

	2021 Company £'000	2020 Company £'000
Wages and salaries	**3,246**	2,476
Social security costs	**383**	376
Pension costs for the defined contribution scheme	**193**	94
Compensation for loss of office	**–**	249
Share based payments	**304**	77
Total	**4,126**	3,272

Notes to the Company Financial Statements continued

E. Intangible assets

	Goodwill Company £'000	Contracts and licences Company £'000	Computer software Company £'000	Total Company £'000
Cost:				
At 1 May 2019	8,312	8,133	4,861	21,306
Additions	–	–	786	786
Disposals	–	–	(120)	(120)
Acquisition	(3,499)	1,882	–	(1,617)
Credited to the income statement	3,499	–	–	3,499
At 30 April 2020	8,312	10,015	5,527	23,854
Additions	–	–	2,561	2,561
Disposals	–	–	–	–
At 30 April 2021	**8,312**	**10,015**	**8,088**	**26,415**
Accumulated amortisation:				
At 1 May 2019	2,600	1,541	1,958	6,099
Charge for the year	–	897	629	1,526
Disposals	–	–	(3)	(3)
At 30 April 2020	2,600	2,438	2,584	7,622
Charge for the year	–	929	888	1,817
Disposals	–	–	–	–
At 30 April 2021	**2,600**	**3,367**	**3,472**	**9,439**
Net book value:				
At 1 May 2019	5,712	6,592	2,903	15,207
At 30 April 2020	5,712	7,577	2,943	16,232
At 30 April 2021	**5,712**	**6,648**	**4,616**	**16,976**

The average remaining useful life of contracts and licences at 30 April 2021 is 6.6 years (2020: 7.8 years).

F. Property, plant and equipment

	Leasehold property Company £'000	Motor vehicles Company £'000	Plant, machinery, fixtures & fittings Company £'000	Total Company £'000
Cost:				
At 30 April 2019	9,373	1,338	70,350	81,061
Transfer to right-of-use-assets on transition[1]	(6,925)	(464)	(38,412)	(45,801)
At 1 May 2019	2,448	874	31,938	35,260
Additions	6,168	123	590	6,881
Acquisitions	–	–	2,899	2,899
Disposals	(6)	(28)	(382)	(416)
At 30 April 2020	8,610	969	35,045	44,624
Additions	**2,862**	**–**	**2,328**	**5,190**
Disposals	**–**	**–**	**(360)**	**(360)**
Transfer to right-of-use assets[2]	**–**	**–**	**(1,276)**	**(1,276)**
Transfer from right-of-use assets[2]	**22**	**162**	**8,958**	**9,142**
At 30 April 2021	**11,494**	**1,131**	**44,695**	**57,320**
Accumulated depreciation:				
At 30 April 2019	2,248	1,103	26,636	29,987
Transfer to right-of-use-assets on transition[1]	(240)	(300)	(11,309)	(11,849)
At 1 May 2019	2,008	803	15,327	18,138
Charge for the year	844	67	1,054	1,965
Disposals	(6)	(28)	(112)	(146)
At 30 April 2020	2,846	842	16,269	19,957
Charge for the year	**1,084**	**58**	**2,314**	**3,456**
Disposals	**–**	**–**	**(331)**	**(331)**
Transfer to right-of-use assets[2]	**(142)**	**–**	**(205)**	**(347)**
Transfer from right-of-use assets[2]	**–**	**162**	**8,158**	**8,320**
At 30 April 2021	**3,788**	**1,062**	**26,205**	**31,055**
Net book value:				
At 30 April 2019	7,125	235	43,714	51,074
At 30 April 2020	5,764	127	18,776	24,667
At 30 April 2021	**7,706**	**69**	**18,490**	**26,265**

1 On transition to IFRS 16, assets which were previously recognised within property, plant and equipment have been reclassified as right-of-use assets.
2 Assets funded under finance leases or hire purchase agreements following purchase are transferred to right-of-use assets. Once finance has been re-paid, the assets are transferred back to property, plant and equipment.

Additions to plant, machinery, fixtures & fittings include £nil (2020: £nil) in respect of assets in the course of construction.

Notes to the Company Financial Statements continued

G. Right-of-use assets

	Land and buildings Company £'000	Vehicles Company £'000	Other Company £'000	Total Company £'000
Cost:				
At 30 April 2019	–	–	–	–
Opening balance on transition	129,942	6,888	4,229	141,059
Transfer from property, plant and equipment[1]	6,925	464	38,412	45,801
At 1 May 2019	136,867	7,352	42,641	186,860
Additions	2,833	6,291	1,603	10,727
Acquisition	2,407	–	–	2,407
Disposals and other movements	–	(95)	–	(95)
At 30 April 2020	142,107	13,548	44,244	199,899
Additions	**41,493**	**6,946**	**3,229**	**51,668**
Disposals and other movements	**–**	**(133)**	**(272)**	**(405)**
Transferred from property, plant and equipment[2]	**–**	**–**	**1,276**	**1,276**
Transferred to property, plant and equipment[2]	**(22)**	**(162)**	**(8,958)**	**(9,142)**
Remeasurement of asset	**3,049**	**345**	**–**	**3,394**
At 30 April 2021	**186,627**	**20,544**	**39,519**	**246,690**
Accumulated depreciation:				
At 30 April 2019	–	–	–	–
Transfer from property, plant and equipment[1]	240	300	11,309	11,849
At 1 May 2019	240	300	11,309	11,849
Charge for the year	16,494	4,148	6,606	27,248
Impairment	–	–	–	–
Disposals and other movements	–	(35)	–	(35)
At 30 April 2020	16,734	4,413	17,915	39,062
Charge for the year	**20,006**	**4,167**	**6,106**	**30,279**
Disposals and other movements	**–**	**(133)**	**(272)**	**(405)**
Transfer from property, plant and equipment[2]	**142**	**–**	**205**	**347**
Transferred to property, plant and equipment[2]	**–**	**(162)**	**(8,158)**	**(8,320)**
Impairment	**–**	**–**	**–**	**–**
At 30 April 2021	**36,882**	**8,285**	**15,796**	**60,963**
Net book value:				
At 30 April 2019	–	–	–	–
At 30 April 2020	125,373	9,135	26,329	160,837
At 30 April 2021	**149,745**	**12,259**	**23,723**	**185,727**

1 On transition to IFRS 16, assets which were previously recognised within property, plant and equipment have been reclassified as right-of-use assets.
2 Assets funded under finance leases or hire purchase agreements following purchase are transferred to right-of-use assets. Once finance has been re-paid, the assets are transferred back to property, plant and equipment.

H. Investments

	Subsidiary undertakings £'000	Other £'000
Cost:		
At 1 May 2019, 30 April 2020 and **30 April 2021**	**40,542**	**1,950**
Provision for impairment:		
At 1 May 2019, 30 April 2020 and **30 April 2021**	**11,625**	**-**
Net book value:		
At 1 May 2019, 30 April 2020 and **30 April 2021**	**28,917**	**1,950**

Subsidiary undertakings
Except where indicated, the subsidiary undertakings are incorporated and operate in Great Britain, registered in England and Wales and the Company or Group owns 100% of the issued ordinary share capital and voting rights.

Company	Nature of business during the year
Clipper Logistics Netherlands B.V (Netherlands)[1]	Contract distribution and warehousing
Clipper Logistics KG (GmbH & Co.) (Germany)[2]	Contract distribution and warehousing
Clipper Logistics Sp. z o.o.(Poland)[3]	Contract distribution and warehousing
RepairTech Limited[4]	Technical services
Servicecare Support Services Limited[5]	Returns management services and online retail
Northern Commercials (Mirfield) Limited[6]	Sale, servicing and repair of commercial vehicles
Stormont Truck and Van Limited*	Agency for leasing commitments
Clipper Verwaltungs GmbH (Germany)*[2]	Agency for leasing commitments
Clipper e-commerce Limited	Dormant
Clipper Logistics (Processing) Limited	Dormant
Clipper Logistics (Warehousing) Limited	Dormant
Clipper Retail Distribution Limited	Dormant
Clipper Secure Logistics Limited	Dormant
DTS Logistics Limited	Dormant
Electrotec International Limited*[5]	Dormant
Gagewell Transport Limited	Dormant
Genesis Specialised Product Packing Limited	Dormant
Guardex Security Services Limited	Dormant
Northern Commercial Trailers (Mirfield) Limited*	Dormant
Tesam Distribution Limited	Dormant
Transference Technology Limited (90% owned)*	Dormant

* Shareholding held indirectly.

The registered office of each subsidiary is Clipper Logistics Group, Gelderd Road, Leeds LS12 6LT except for:

1 Schipol Boulevard 231, 1118BH Schipol, Amsterdam, Netherlands.
2 Steinweg 2, 95213, Münchberg, Germany.
3 3 ul. Zernicka, 22, Robakowo, 62-023, Robakowo, Poland.
4 4b Westfield Road, Kineton Industrial Estate, Southam, Warwickshire CV47 0JH.
5 Hollinwood Works, Manchester Road, Hollinwood, Oldham, Lancashire OL9 7AA.
6 Armytage Road, Wakefield Road Industrial Estate, Brighouse, West Yorkshire HD6 1PG.

I. Inventories

	2021 Company £'000	2020 Company £'000
Component parts and consumable stores	**871**	946

Notes to the Company Financial Statements continued

J. Trade and other receivables

	2021 Company £'000	2020 Company £'000
Amounts falling due within one year:		
Trade receivables	93,081	51,494
Less: Provision for impairment of receivables	(6,529)	(203)
Trade receivables – net	86,552	51,291
Other receivables	4,520	833
Contract assets	17,537	12,970
Prepayments	17,053	20,232
Amounts receivable from related parties (see note T)	68	2,066
Amounts owed by fellow Group companies	4,980	2,846
	130,710	90,238
Amounts falling due after more than one year:		
Amounts owed by fellow Group companies	27	102
Total	130,737	90,340

Included within prepayments is £7,546,000 (2020: £11,296,000) relating to costs to obtain and fulfil customer contracts. These are amortised over the life of the customer contract with the charge being recognised within administration and other expenses once contract activities have commenced.

K. Trade and other payables

	2021 Company £'000	2020 Company £'000
Trade payables	61,280	39,022
Other taxes and social security	24,483	17,444
Other payables	1,910	1,687
Contract liabilities	34,913	19,010
Accruals	9,317	6,931
Amounts payable to related parties (see note T)	840	355
Amounts payable to fellow Group companies	4,945	5,250
Total trade and other payables	137,688	89,699

L. Financial liabilities: borrowings

	2021 Company £'000	2020 Company £'000
Non-current:		
Bank loans	15,677	126
Total non-current	15,677	126
Current:		
Bank overdrafts	–	12,675
Bank loans	160	19,315
Total current	160	31,990
Total borrowings	15,837	32,116
Add: Lease liabilities (see note N)	196,488	174,131
Less: Cash and cash equivalents	1,440	143
Non-current financial assets (see note T)	1,950	1,950
Net debt	208,935	204,154

Bank loans and overdrafts are secured by a charge over the Group's assets. The Company's overdraft in the prior year is offset by cash balances in subsidiary companies. The net Group overdraft at 30 April 2021 is £nil (2020: £nil).

M. Bank loans

Bank loans repayable, included within borrowings are analysed as follows:

	2021 Company £'000	2020 Company £'000
In one year or less	160	19,315
Between one and five years	15,677	126
After five years	–	–
Total	**15,837**	19,441

See note 21 to the Group Financial Statements for the principal features of the bank loans.

N. Lease liabilities

N.1. Lease liabilities movement

	Land and buildings Company £'000	Vehicles Company £'000	Other Company £'000	Total Company £'000
At 30 April 2019	–	–	–	–
Opening balance on transition	149,730	7,129	4,475	161,334
Reclassification of leases within borrowings	–	–	28,897	28,897
At 1 May 2019	149,730	7,129	33,372	190,231
Additions	750	6,291	4,064	11,105
Acquisitions	2,183	–	–	2,183
Disposals	–	(84)	–	(84)
Repayments	(21,924)	(4,203)	(10,142)	(36,269)
Interest	6,412	358	195	6,965
At 30 April 2020	137,151	9,491	27,489	174,131
Additions	40,554	6,946	4,467	51,967
Remeasurement of lease	3,049	345	–	3,394
Repayments	(24,753)	(4,803)	(11,523)	(41,079)
Interest	6,574	327	1,174	8,075
At 30 April 2021	**162,575**	**12,306**	**21,607**	**196,488**

Included within total lease liabilities is £16,127,000 (2020: £23,373,000) relating to leases previously recognised as hire purchase or finance leases.

N.2. Lease liabilities outstanding

	2021 Company £'000	2020 Company £'000
The present value of lease liabilities is as follows:		
Within one year	31,854	31,249
Later than one year and not later than five years	97,002	92,162
Later than five years	67,632	50,720
Total lease liabilities	**196,488**	174,131

The Company leases warehousing facilities, commercial vehicles and other logistics equipment for use in its operations. Typical lease periods for new warehouse rental contracts are between three and ten years although some property leases are for longer periods with intervening break clauses. The average period for vehicles and equipment is four years.

Measurement of leases requires judgments to be made by management, for details see note B.5 for the Company's accounting policy for leases and note B.19 which details the judgments involved.

The expense relating to short term and low value leases was £5,414,000 (2020: £2,572,000). The expense relating to variable lease payments not included in lease liabilities was £nil (2020: £nil).

O. Provisions

	Redundancy provision Company £'000	Onerous contracts Company £'000	Uninsured losses Company £'000	Dilapidations Company £'000	Total Company £'000
At 30 April 2019	–	–	–	2,071	2,071
IFRS 16 transitional adjustment		–	–	1,858	1,858
At 1 May 2019	–	–	–	3,929	3,929
Acquisitions	400	–	–	224	624
Utilised	–	–	(122)	(153)	(275)
Charged in year	–	–	122	293	415
At 30 April 2020	400	–	–	4,293	4,693
Additions to right-of-use asset	**–**	**–**	**–**	**939**	**939**
Utilised	**–**	**–**	**(134)**	**(245)**	**(379)**
Charged in year	**4,852**	**195**	**134**	**849**	**6,030**
At 30 April 2021	**5,252**	**195**	**–**	**5,836**	**11,283**

Provisions have been analysed between current and non-current as follows:

	2021 Company £'000	2020 Company £'000
Current	**6,058**	99
Non-current	**5,225**	4,594
Total	**11,283**	4,693

Redundancy provision
In the current year, further provisions have been made in relation to a contract lost through insolvency of the customer and another contract where operations have been scaled down. Of the total redundancy costs provided in the year, £4,400,000 is being reimbursed as part of an agreement with a third party and is included within other receivables (see note J).

Onerous contracts
During the year the Company became aware of a customer's intention to terminate its contract during the year ending 30 April 2022. A review of this contract identified that a loss is anticipated on termination, therefore a provision has been made in the current year for this expected loss.

Uninsured losses
The uninsured losses provision is in respect of the cost of claims (generally for commercial vehicles and employment related) which are either not insured externally or fall below the excess on the Company's insurance policies.

Dilapidations
Prior to adoption of IFRS 16 in the year ended 30 April 2020, provisions were established over the life of leases to cover remedial work necessary at termination under the terms of those leases.

On transition to IFRS 16, the net present value of expected dilapidation provision for each property was included in the calculation of the right-of-use asset.

The charge for the year is made up of £179,000 relating to the unwinding of the discount, £130,000 relating to the return in condition provision for hired vehicles which is recognised within administration expenses, and £540,000 relating to a specific provision for a property the Company is due to exit in the year ending 30 April 2022.

P. Deferred tax

Deferred tax balances in the Statement of Financial Position are as follows

Tax effect of temporary differences due to:	Brought forward Company £'000	(Charged)/ credited to income statement Company £'000	(Charged)/ credited to share based payment reserve Company £'000	At 30 April 2021 Company £'000
Share based payments	399	–	1,416	**1,815**
IFRS 16 adjustment	3,561	(1,035)	–	**2,526**
Deferred tax asset	3,960	(1,035)	1,416	**4,341**
Intangible assets	(1,516)	252	–	**(1,264)**
Accelerated capital allowances	(2,275)	18	–	**(2,257)**
Other temporary differences	(250)	232	–	**(18)**
Deferred tax liability	(4,041)	502	–	**(3,539)**
Net deferred tax	(81)	(533)	1,416	**802**

A rate of 19% (2020: 19%) has been applied in the measurement of the Company's deferred tax assets and liabilities in the year.

Q. Capital and reserves

Share capital

	2021 Company £'000	2020 Company £'000
Allotted, called up and fully paid:		
101,804,824 (2020: 101,662,415) ordinary shares of 0.05p each	**51**	51

The holders of ordinary shares are entitled to receive dividends as declared from time to time. At general meetings of shareholders each shareholder (or appointed proxy) present in person is entitled to vote; on a show of hands each person has one vote, and on a poll has one vote per share.

During the year the Company issued 142,409 ordinary shares to satisfy employee share options, for aggregate consideration of £306,000. The new shares rank pari passu with all existing ordinary shares in issue. See also note 25 to the Group Financial Statements.

R. Share based payments

Further details of the share option schemes are set out in note 25 to the Group Financial Statements. The charge to the Company's income statement for equity settled transactions in the year ended 30 April 2021 was £497,000 (2020: £286,000).

S. Capital commitments

	2021 Company £'000	2020 Company £'000
Authorised and contracted for	**3,447**	1,112
Authorised but not contracted for	**8,390**	2,392
Total capital commitments	**11,837**	3,504

Notes to the Company Financial Statements continued

T. Related party disclosures

Clicklink Logistics Limited (see note 16 to the Group financial statements) is a supplier of logistics services to the Company. The Company provides certain resources to Clicklink, principally people and vehicles, under the terms of the joint venture agreement. Amounts charged for these resources are included in revenue.

Branton Court Stud LLP, in which Steve Parkin is a partner, receives management, recharge of expenditure and administration services from the Company. During the year £2,000 (2020: £590,000) was recharged to Branton Court Stud LLP for management time of Directors and other key management personnel in proportion to the time spent on non-Clipper-related activities.

During the year, £480,000 (2020: £nil) was paid to Branton Court Stud LLP as reimbursement of costs incurred on behalf of the Company in relation to sponsorship related to the year ending 30 April 2022.

During the year, the Company paid £268,000 for flight credits to be utilised for business travel. The amount was paid to Branton Court Stud LLP. The agreement was subsequently cancelled as a result of COVID-19 restrictions and the full amount was refunded on 23 April 2021 by Knaresborough Aviation LLP.

In the year the Company paid Branton Court Stud LLP £57,000 (2020: £70,000) received in relation to horse race winnings. These monies were not intended for the Company and were paid to Branton Court on the same day.

Microlise Group plc supplies IT equipment for use within fleet vehicles to the Company. Microlise Group plc and Clipper Logistics plc have a common director.

Roydhouse Properties Limited is the landlord of two of the Company's leasehold properties and has common directors with Clipper Logistics plc. During the year, £80,000 was paid to Roydhouse Properties Limited as a contribution towards renovations at one of the leasehold properties. These transactions are conducted at an arm's length on normal commercial terms.

Southerns Office Interiors Limited supplies office furniture to the Company as well as being a customer of the Company. Steve Parkin is registered as a person with significant control over Southerns Limited, the ultimate parent of Southerns Office Interiors Limited.

During the year, £26,000 (2020: £138,000) was received from Steve Parkin in relation to repaying Clipper for personal expenditure incurred on a company credit card. At 30 April 2021 £nil (2020: £nil) was outstanding.

Key management compensation is disclosed in note D.

Balances owing to or from these related parties at 30 April were as follows:

	2021 Company £'000	2020 Company £'000
Non-current financial assets:		
Clicklink Logistics Limited – interest-bearing loan	**1,950**	1,950
Trade and other receivables:		
Clicklink Logistics Limited – trading balance	**67**	2,066
Branton Court Stud LLP	**1**	–
Trade and other payables:		
Clicklink Logistics Limited	**342**	179
Microlise Group plc	**498**	–
Roydhouse Properties Limited	**–**	176

The shareholders in Clicklink Logistics Limited have jointly made available to that company a term loan facility of £3,900,000 of which the Company's 50% share is £1,950,000. The facility may be drawn in up to ten loans. Interest on each loan is calculated at a margin above 12 month LIBOR and is payable annually. All loans drawn under the facility are repayable in November 2022.

Transactions with these related parties in the year ended 30 April were as follows:

	2021 Company £'000	2020 Company £'000
Items credited to the income statement:		
Clicklink Logistics Limited – revenue	**16,447**	19,088
Clicklink Logistics Limited – finance income	**52**	59
Branton Court Stud LLP	**2**	590
Southerns Office Interiors Limited	**163**	–
Items charged to the income statement:		
Clicklink Logistics Limited	**3,396**	2,438
Branton Court Stud LLP	**6**	–
Knaresborough Investments Limited	**–**	1
Roydhouse Properties Limited	**765**	808
Purchase of non-current assets		
Microlise Group plc	**1,063**	–
Roydhouse Properties Limited	**80**	–

U. Business combination

In April 2019, the Company entered into a series of contracts with a customer, which when combined represented a business combination in accordance with IFRS 3 'Business Combinations.' The acquisition was effective from 1 July 2019 and consists of premises, assets and a workforce, together carrying out a logistics service business that is now carried out by the Company. The business acquired is an unincorporated entity. The Company has carried out a fair value exercise of the business combination, which gave rise to 'negative goodwill' of £3,499,000. The 'negative goodwill' was recognised within the Company income statement in the year ended 30 April 2020.

The fair value table for the business combination along with other information is shown in note 29 to the Group Financial Statements.

V. Post balance sheet events

On 19 May 2021, Clipper Logistics plc acquired the entire £1,000 share capital of Wippet Ltd, a company registered in England and Wales with registered number 13115709. This transaction does not have a significant impact on the Financial Statements of the Company.

Directors, Secretary, Registered & Head Office and Advisors

Directors:	Steve Parkin, Executive Chairman Tony Mannix, Chief Executive Officer David Hodkin, Chief Financial Officer Christine Cross, Senior Independent Non-Executive Director Stuart Watson, Independent Non-Executive Director Dino Rocos, Independent Non-Executive Director
Company Secretary:	Marianne Hodgkiss
Registered Office and Head Office of the Company:	Gelderd Road Leeds LS12 6LT
Registered number:	03042024
Sponsor, financial advisor, sole bookrunner and joint broker:	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Joint broker:	Shore Capital Stockbrokers Limited Cassini House 57 St James's Street London SW1A 1LD
Legal advisors:	Squire Patton Boggs (UK) LLP 2 Park Lane Leeds LS3 1ES Pinsent Masons LLP 1 Park Row Leeds LS1 5AB
Auditor:	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL
Registrars:	Equiniti Aspect House Spencer Road Lancing West Sussex BN99 6DA
Financial public relations advisors to the Company:	Buchanan Communications Limited 107 Cheapside London EC2V 6DN

Propaganda.™ Brand Strategy.

Brand consultancy and marketing strategy
www.propaganda.co.uk

luminous

Consultancy, design and production
www.luminous.co.uk

Clipper Logistics plc
Gelderd Road
Leeds
LS12 6LT

Tel: 0113 204 2050
Email: info@clippergroup.co.uk
Web: www.clippergroup.co.uk