

COMPANY REGISTRATION NUMBER: 00442384

Holmeswood Coaches Limited
Financial Statements
31 March 2019



HILL ECKERSLEY & CO. LTD
Chartered accountants & statutory auditor
62 Chorley New Road
Bolton
Lancashire
BL1 4BY

Holmeswood Coaches Limited

Financial Statements

Year ended 31 March 2019

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Holmeswood Coaches Limited

Officers and Professional Advisers

The board of directors	Mr C H Aspinall Mr D E Aspinall Mr M F Aspinall Mr J F Aspinall Mrs M Aspinall Mr M J Forshaw
Company secretary	Mr C H Aspinall
Registered office	The Fallowfields Sandy Way Holmeswood Ormskirk L40 1UB
Auditor	Hill Eckersley & Co. Ltd Chartered accountants & statutory auditor 62 Chorley New Road Bolton Lancashire BL1 4BY
Bankers	Santander UK Plc 2 Triton Square Regent's Place London NW1 3AN

Holmeswood Coaches Limited

Strategic Report

Year ended 31 March 2019

The Directors are pleased with performance of the business.

Activity in Coach Operating has been in line with expectations. We've been working in recent years to re-balance the work profile of the fleet. Additional private hire and corporate work has, broadly speaking, replaced a small number of Schools Contracts and Local Bus Contracts that we've withdrawn from. Coach Operating activity remains the most significant part of the business and accounts for over 70% of the turnover of Holmeswood Coaches.

The Company's Operators Licence allows the use of up to 130 vehicles. We believe this is more than sufficient to meet our current plans regarding fleet size.

Fleet profile continues to be adjusted to meet operational requirements. There is an on-going programme of fleet changes and updates planned that will see the vehicle fleet ready to maximize current and new opportunities as they arise.

The introduction of London's ULEZ zone and plans for various 'Clean Air Zones' around the country has brought about a need to invest in fleet upgrades and retro-fitting of some exhaust after treatment systems to ensure we can operate successfully throughout the country. The deadline for introduction of the PSVAR regulations (DDA compliance) is also likely to require some changes to fleet in the coming year but we are already very well prepared for these changes.

The commercial workshop activity, based at the Leyland depot, continues to exceed our expectations and now accounts for nearly 30% of turnover. The conversion and refurbishment of used vehicles for both customers and our own fleet, has resulted in very high utilization of staff and facilities within this part of the business. We expect increasingly technical solutions to vehicle refurbishments to be a significant part of this activity in future years.

We are very pleased with the performance of the business and margins achieved. Careful management of the mix of activity is allowing us to take advantage of opportunities as they arise, without losing our focus on longer term objectives of improving margins generated by the business.

This report was approved by the board of directors on 23 December 2019 and signed on behalf of the board by:


Mr C H Aspinall
Director
Mr C H Aspinall
Company Secretary

Registered office:
The Fallowfields
Sandy Way
Holmeswood
Ormskirk
L40 1UB

Holmeswood Coaches Limited

Directors' Report

Year ended 31 March 2019

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

Directors

The directors who served the company during the year were as follows:

Mr C H Aspinall
Mr D E Aspinall
Mr M F Aspinall
Mr J F Aspinall
Mrs M Aspinall
Mr M J Forshaw

Dividends

Particulars of recommended dividends are detailed in note 11 to the financial statements.

Disclosure of information in the strategic report

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors report. It has done so in respect of future developments.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Holmeswood Coaches Limited

Directors' Report *(continued)*

Year ended 31 March 2019

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 23 December 2019 and signed on behalf of the board by:



Mr C H Aspinall
Director



Mr C H Aspinall
Company Secretary

Registered office:
The Fallowfields
Sandy Way
Holmeswood
Ormskirk
L40 1UB

Holmeswood Coaches Limited

Independent Auditor's Report to the Members of Holmeswood Coaches Limited

Year ended 31 March 2019

Opinion

We have audited the financial statements of Holmeswood Coaches Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Holmeswood Coaches Limited

Independent Auditor's Report to the Members of Holmeswood Coaches Limited *(continued)*

Year ended 31 March 2019

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Holmeswood Coaches Limited

Independent Auditor's Report to the Members of Holmeswood Coaches Limited (continued)

Year ended 31 March 2019

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Holmeswood Coaches Limited

Independent Auditor's Report to the Members of Holmeswood Coaches Limited *(continued)*

Year ended 31 March 2019

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Ian Hampson (Senior Statutory Auditor)

For and on behalf of
Hill Eckersley & Co. Ltd
Chartered accountants & statutory auditor
62 Chorley New Road
Bolton
Lancashire
BL1 4BY

23 December 2019

Holmeswood Coaches Limited

Statement of Comprehensive Income

Year ended 31 March 2019

	Note	2019 £	2018 £
Turnover	4	12,827,868	11,717,266
Cost of sales		<u>9,160,758</u>	<u>8,566,580</u>
Gross profit		3,667,110	3,150,686
Administrative expenses		<u>2,574,848</u>	<u>2,186,855</u>
Operating profit	5	1,092,262	963,831
Interest payable and similar expenses	9	<u>739,737</u>	<u>614,907</u>
Profit before taxation		352,525	348,924
Tax on profit	10	<u>65,115</u>	<u>(3,651)</u>
Profit for the financial year		<u>287,410</u>	<u>352,575</u>
Revaluation of tangible assets		<u>(46,328)</u>	<u>-</u>
Total comprehensive income for the year		<u>241,082</u>	<u>352,575</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 27 form part of these financial statements.

Holmeswood Coaches Limited

Statement of Financial Position

31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	16,629,238	16,751,492
Investments	13	114	114
		<u>16,629,352</u>	<u>16,751,606</u>
Current assets			
Stocks	14	2,502,684	2,300,802
Debtors	15	7,446,631	5,227,831
Cash at bank and in hand		89,225	5,436
		<u>10,038,540</u>	<u>7,534,069</u>
Creditors: amounts falling due within one year	17	11,870,764	9,394,749
Net current liabilities		<u>1,832,224</u>	<u>1,860,680</u>
Total assets less current liabilities		<u>14,797,128</u>	<u>14,890,926</u>
Creditors: amounts falling due after more than one year	18	8,825,694	9,134,411
Provisions			
Taxation including deferred tax	20	1,504,908	1,439,793
Net assets		<u>4,466,526</u>	<u>4,316,722</u>
Capital and reserves			
Called up share capital	24	1,097	1,097
Revaluation reserve	25	789,308	835,636
Capital redemption reserve	25	7	7
Profit and loss account	25	3,676,114	3,479,982
Shareholders funds		<u>4,466,526</u>	<u>4,316,722</u>

These financial statements were approved by the board of directors and authorised for issue on 23 December 2019, and are signed on behalf of the board by:



Mr C H Aspinall
Director

Company registration number: 00442384

The notes on pages 13 to 27 form part of these financial statements.

Holmeswood Coaches Limited

Statement of Changes in Equity

Year ended 31 March 2019

	Note	Called up share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2017		1,097	839,983	7	3,214,338	4,055,425
Profit for the year					352,575	352,575
Other comprehensive income for the year:						
Reclassification from revaluation reserve to profit and loss account		—	(4,347)	—	4,347	—
Total comprehensive income for the year		—	(4,347)	—	356,922	352,575
Dividends paid and payable	11	—	—	—	(91,278)	(91,278)
Total investments by and distributions to owners		—	—	—	(91,278)	(91,278)
At 31 March 2018		1,097	835,636	7	3,479,982	4,316,722
Profit for the year					287,410	287,410
Other comprehensive income for the year:						
Revaluation of tangible assets	12	—	(46,328)	—	—	(46,328)
Total comprehensive income for the year		—	(46,328)	—	287,410	241,082
Dividends paid and payable	11	—	—	—	(91,278)	(91,278)
Total investments by and distributions to owners		—	—	—	(91,278)	(91,278)
At 31 March 2019		<u>1,097</u>	<u>789,308</u>	<u>7</u>	<u>3,676,114</u>	<u>4,466,526</u>

The notes on pages 13 to 27 form part of these financial statements.

Holmeswood Coaches Limited

Statement of Cash Flows

Year ended 31 March 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the financial year		287,410	352,575
<i>Adjustments for:</i>			
Depreciation of tangible assets		1,145,733	1,079,842
Interest payable and similar expenses		739,737	614,907
Loss on disposal of tangible assets		733,823	389,530
Tax on profit		65,115	(3,651)
Accrued expenses/(income)		549,857	(97,893)
<i>Changes in:</i>			
Stocks		(201,882)	(469,093)
Trade and other debtors		(2,218,800)	(1,095,428)
Trade and other creditors		1,468,936	1,517,219
Cash generated from operations		2,569,929	2,288,008
Interest paid		(739,737)	(614,907)
Net cash from operating activities		<u>1,830,192</u>	<u>1,673,101</u>
Cash flows from investing activities			
Purchase of tangible assets		(31,966,766)	(30,592,002)
Proceeds from sale of tangible assets		30,163,136	28,059,884
Net cash used in investing activities		<u>(1,803,630)</u>	<u>(2,532,118)</u>
Cash flows from financing activities			
Proceeds from borrowings		(187,926)	(52,447)
Payments of finance lease liabilities		468,017	934,278
Dividends paid		(91,278)	(91,278)
Net cash from financing activities		<u>188,813</u>	<u>790,553</u>
Net increase/(decrease) in cash and cash equivalents		215,375	(68,464)
Cash and cash equivalents at beginning of year		(126,150)	(57,686)
Cash and cash equivalents at end of year	16	<u>89,225</u>	<u>(126,150)</u>

The notes on pages 13 to 27 form part of these financial statements.

Holmeswood Coaches Limited

Notes to the Financial Statements

Year ended 31 March 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is The Fallowfields, Sandy Way, Holmeswood, Ormskirk, L40 1UB.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Deferred income tax

The company recognises deferred income tax assets on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised.

Holmeswood Coaches Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Motor vehicle fleet

The company has a large fleet of vehicles, and therefore depreciation of these vehicles forms a significant component of costs charged to the income statement. The estimation of the residual values and useful lives involves significant judgement. Management determine the useful economic lives, residual values and related depreciation charges for the motor vehicle fleet. The residual values and useful economic lives are reviewed at each balance sheet date, in accordance with the company's accounting policy. Management will increase the depreciation charge where useful economic life is shorter, or residual value is lower than previously estimated. At the year ended 31 March 2019, the net book value of the motor vehicle fleet is £14,235,034 and the annual depreciation charge is £1,049,937.

Work in progress

Work in progress includes work undertaken in respect of refurbishments and conversions, product development and project planning and management. Work in progress is valued by management using a labour rate per hour. In accordance with accounting policies, where the cost of work in progress is not considered recoverable, work in progress is written down to net realisable value. The carrying value of work in progress at the year end is £1,759,640.

Revenue recognition

Turnover principally comprises of the provision of private hire and contract hire bus and coach services. The company also carries out the refurbishment and conversion of vehicles.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period.

When the outcome of a transaction involving the rendering of services cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Holmeswood Coaches Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- 2% straight line
Plant & machinery	- 10% reducing balance
Motor coaches	- 5% - 25% reducing balance
Computer equipment	- 25% reducing balance
Motor vehicles	- 5% - 25% reducing balance

Land is not depreciated.

Holmeswood Coaches Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

The carrying amount of the stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down to net realisable value and any losses in stocks are recognised in the period in which the write down or loss occurs.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Holmeswood Coaches Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Holmeswood Coaches Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2019

3. Accounting policies (continued)

Defined contribution plans (continued)

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2019	2018
	£	£
Sale of goods	175,812	158,609
Rendering of services	12,652,056	11,558,657
	<u>12,827,868</u>	<u>11,717,266</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2019	2018
	£	£
Depreciation of tangible assets	1,145,733	1,079,842
Loss on disposal of tangible assets	733,823	389,530
Impairment of trade debtors	—	(83)
Foreign exchange differences	2	—
	<u>2</u>	<u>—</u>

6. Auditor's remuneration

	2019	2018
	£	£
Fees payable for the audit of the financial statements	<u>10,500</u>	<u>10,755</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2019	2018
	No.	No.
Management staff	6	6
Average number of employees	<u>160</u>	<u>176</u>
	<u>166</u>	<u>182</u>

Holmeswood Coaches Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2019

7. Staff costs (continued)

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019	2018
	£	£
Wages and salaries	3,714,027	3,822,705
Social security costs	321,136	330,005
Other pension costs	65,789	44,121
	<u>4,100,952</u>	<u>4,196,831</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019	2018
	£	£
Remuneration	<u>145,172</u>	<u>139,147</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2019	2018
	No.	No.
Defined contribution plans	<u>3</u>	<u>3</u>

9. Interest payable and similar expenses

	2019	2018
	£	£
Interest on banks loans and overdrafts	26,817	27,027
Interest on obligations under finance leases and hire purchase contracts	680,267	555,950
Other interest payable and similar charges	32,653	31,930
	<u>739,737</u>	<u>614,907</u>

10. Tax on profit

Major components of tax expense/(income)

	2019	2018
	£	£
Deferred tax:		
Origination and reversal of timing differences	65,115	(3,651)
Tax on profit	<u>65,115</u>	<u>(3,651)</u>

Holmeswood Coaches Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

10. Tax on profit *(continued)*

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019	2018
	£	£
Profit on ordinary activities before taxation	352,525	348,924
Profit on ordinary activities by rate of tax	66,980	66,296
Effect of expenses not deductible for tax purposes	40	595
Effect of capital allowances and depreciation	3,200	3,186
Tax movement relating to revalued properties	(5,105)	(4,917)
Change in tax rate	—	(68,811)
Tax on profit	65,115	(3,651)

Factors that may affect future tax expense

The company has losses available to carry forward of £1,028,058 (2018: £2,012,138).

11. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2019	2018
	£	£
Dividends on equity shares	91,278	91,278

Holmeswood Coaches Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2019

12. Tangible assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Equipment £	User defined asset £	Total £
Cost or valuation						
At 1 Apr 2018	1,925,000	645,520	14,957,040	92,284	512,483	18,132,327
Additions	–	–	31,771,135	4,228	191,403	31,966,766
Disposals	–	–	(31,876,486)	–	(120,109)	(31,996,595)
Revaluations	(150,000)	–	–	–	–	(150,000)
Transfers	(20,000)	–	–	–	–	(20,000)
At 31 Mar 2019	1,755,000	645,520	14,851,689	96,512	583,777	17,932,498
Depreciation						
At 1 Apr 2018	86,872	466,990	645,841	79,604	101,528	1,380,835
Charge for the year	16,800	29,487	1,049,937	2,400	47,109	1,145,733
Disposals	–	–	(1,079,123)	–	(40,513)	(1,119,636)
Revaluations	(103,672)	–	–	–	–	(103,672)
At 31 Mar 2019	–	496,477	616,655	82,004	108,124	1,303,260
Carrying amount						
At 31 Mar 2019	1,755,000	149,043	14,235,034	14,508	475,653	16,629,238
At 31 Mar 2018	1,838,128	178,530	14,311,199	12,680	410,955	16,751,492

Tangible assets held at valuation

The company's freehold land and buildings were valued on 21 August 2018 by Lamb & Swift Commercial Property. The market values of the properties were as follows:-

The coach depot at Sandy Way, Holmeswood - £575,000.
The coach depot at Spragg St, Congleton - £410,000.
The coach depot at Clydesdale Place, Leyland - £770,000.

The properties have been stated at valuation.

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Freehold property £
At 31 March 2019	
Aggregate cost	1,173,935
Aggregate depreciation	(215,290)
Carrying value	958,645
At 31 March 2018	
Aggregate cost	1,173,935
Aggregate depreciation	(202,837)
Carrying value	971,098

Holmeswood Coaches Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2019

12. Tangible assets (continued)

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles £	Equipment £	Total £
At 31 March 2019	<u>14,416,669</u>	<u>27,312</u>	<u>14,443,981</u>
At 31 March 2018	<u>14,109,975</u>	<u>31,943</u>	<u>14,141,918</u>

13. Investments

	Shares in group undertakings £
Cost	
At 1 April 2018 and 31 March 2019	<u>114</u>
Impairment	
At 1 April 2018 and 31 March 2019	<u>-</u>
Carrying amount	
At 31 March 2019	<u>114</u>
At 31 March 2018	<u>114</u>

14. Stocks

	2019 £	2018 £
Raw materials and consumables	743,044	737,802
Work in progress	<u>1,759,640</u>	<u>1,563,000</u>
	<u>2,502,684</u>	<u>2,300,802</u>

15. Debtors

	2019 £	2018 £
Trade debtors	768,869	840,582
Prepayments and accrued income	6,619,116	4,317,122
Other debtors	<u>58,646</u>	<u>70,127</u>
	<u>7,446,631</u>	<u>5,227,831</u>

Holmeswood Coaches Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2019

16. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2019	2018
	£	£
Cash at bank and in hand	89,225	5,436
Bank overdrafts	–	(131,586)
	<u>89,225</u>	<u>(126,150)</u>

17. Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank loans and overdrafts	603,094	866,210
Trade creditors	5,230,658	3,764,349
Accruals and deferred income	876,144	326,287
Social security and other taxes	87,630	91,905
Obligations under finance leases and hire purchase contracts	4,828,253	4,116,585
Director loan accounts	188,846	180,176
Other creditors	56,139	49,237
	<u>11,870,764</u>	<u>9,394,749</u>

Hire purchase liabilities are secured on the assets to which they relate.

The bank loans and overdraft are secured by first legal charge over the land and buildings owned by the company and an unscheduled mortgage debenture over the assets of the company, and a first legal charge and debenture over the assets of a related company, Bodgit and Scarper Enterprises Limited.

The invoice discounting facility is secured on the book debts of the company.

18. Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Bank loans and overdrafts	915,350	980,416
Obligations under finance leases and hire purchase contracts	7,910,344	8,153,995
	<u>8,825,694</u>	<u>9,134,411</u>

19. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2019	2018
	£	£
Not later than 1 year	4,828,253	4,116,585
Later than 1 year and not later than 5 years	7,746,946	8,004,531
Later than 5 years	163,398	149,464
	<u>12,738,597</u>	<u>12,270,580</u>

Holmeswood Coaches Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2019

19. Finance leases and hire purchase contracts (continued)

The aggregate finance charges paid in respect of assets on Finance Lease and Hire Purchase were £680,267 (2018: £555,950).

20. Provisions

	Deferred tax (note 21) £
At 1 April 2018	1,439,793
Additions	65,115
At 31 March 2019	<u>1,504,908</u>

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2019 £	2018 £
Included in provisions (note 20)	<u>1,504,908</u>	<u>1,439,793</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2019 £	2018 £
Accelerated capital allowances	1,643,022	1,759,778
Revaluation of tangible assets	57,217	62,320
Unused tax losses	(195,331)	(382,305)
	<u>1,504,908</u>	<u>1,439,793</u>

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £46,480 (2018: £24,598).

23. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2019 £	2018 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>768,869</u>	<u>840,582</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>20,078,950</u>	<u>18,057,391</u>

Holmeswood Coaches Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2019

24. Called up share capital

Authorised share capital

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,097</u>	<u>1,097</u>	<u>1,097</u>	<u>1,097</u>

25. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

26. Going concern

The company meets its day to day working capital requirements through the bank overdraft and loan facilities. The company's forecasts and projections show that the company will be able to operate within the current facility levels. The company will open annual renewal negotiations with the bank in due course and at this stage has not sought any written commitment that the facility will be renewed. However, the company has held discussions with its bankers about the future borrowing needs and no matters have been drawn to its attention to suggest that the renewal may not be forthcoming on acceptable terms.

After making enquiries, the directors have every reason to expect that the company has adequate resources to continue to trade for the next 12 months. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

27. Contingencies

The company's bankers hold a cross guarantee in respect of the overdraft of Bodgit & Scarper Enterprises Limited. The overdraft of Bodgit & Scarper Enterprises Limited as at 31 March 2019 was £0 (2018: £29,054).

Holmeswood Coaches Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2019

28. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	2019			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
Mr C H Aspinall	(15,129)	108,609	(114,826)	(21,346)
Mr D E Aspinall	(344)	92,740	(171,618)	(79,222)
Mr M F Aspinall	(15,602)	90,863	(126,939)	(51,678)
Mr J F Aspinall	(54,004)	15,627	(3,000)	(41,377)
Mrs B Tunks	—	—	—	—
Mr M J Forshaw	3,575	11,290	(10,088)	4,777
	<u>(81,504)</u>	<u>319,129</u>	<u>(426,471)</u>	<u>(188,846)</u>

	2018			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
Mr C H Aspinall	(22)	141,590	(156,697)	(15,129)
Mr D E Aspinall	(54)	87,240	(87,530)	(344)
Mr M F Aspinall	(1,269)	111,642	(125,975)	(15,602)
Mr J F Aspinall	(55,866)	5,980	(4,118)	(54,004)
Mrs B Tunks	(96,277)	—	—	(96,277)
Mr M J Forshaw	4,193	8,241	(11,254)	1,180
	<u>(149,295)</u>	<u>354,693</u>	<u>(385,574)</u>	<u>(180,176)</u>

The company was under the control of its directors throughout the current and previous year. During the year, dividends paid to the directors, or persons closely connected to the directors were as follows; Mr C H Aspinall £29,676 (2018: £29,676), Mr D E Aspinall £29,676 (2018: £29,676), Mr M F Aspinall £29,676 (2018: £29,676) and Mr M Forshaw £1,668 (2018: £1,668).

Holmeswood Coaches Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2019

29. Related party transactions

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2019	2018	2019	2018
	£	£	£	£
Bodgit & Scarper Enterprises Limited - sales to	4,612,672	4,145,857	6,420,150	4,100,743
Bodgit & Scarper Enterprises Limited - purchases from	(1,209,610)	(1,062,874)	(5,398,344)	(3,518,370)
Bodgit & Scarper Enterprises Limited - coach additions	(30,812,250)	(29,341,750)	—	—
Bodgit & Scarper Enterprises Limited - coach disposals	29,066,035	26,429,000	—	—
Coach Rentals & Short Term Hire Limited - sales to	73,750	—	145,087	129,583
Coach Rentals & Short Term Hire Limited - purchases from	—	(32,000)	—	(12,500)
Coach Rentals & Short Term Hire Limited - coach additions	(349,000)	(597,000)	—	—
Coach Rentals & Short Term Hire Limited - coach disposals	357,500	676,000	—	—

During the year, the company traded with Bodgit and Scarper Enterprises Limited, a company in which Mr C H Aspinall, Mr D E Aspinall, Mr M F Aspinall and Mr M J Forshaw are also directors.

Amounts owed to Holmeswood Coaches Limited by Bodgit & Scarper Enterprises Limited are included in prepayments. Amounts owed to Bodgit & Scarper Enterprises Limited by Holmeswood Coaches Limited are included in trade creditors, £4,689,553 (2018: £3,292,804), and accruals, £708,791 (2018: £225,667).

During the year, the company traded with Coach Rentals and Short Term Hire Limited, a company in which Mr C H Aspinall, Mr D E Aspinall, Mr M F Aspinall and Mr M J Forshaw are also directors.