

Company registration number 00463800

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED

31 AUGUST 2016

**LENHAM STORAGE
COMPANY LIMITED**



MENZIES
BRIGHTER THINKING

LENHAM STORAGE COMPANY LIMITED

COMPANY INFORMATION

Directors	R.F. Tolhurst K.N. Abrehart A.M. Burgess C.F. Tolhurst A.C. Fulcher Mrs D.J. Abrehart S. Phibbs
Company secretary	A.M. Burgess
Registered number	00463800
Registered office	Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY
Bankers	Barclays Bank plc 4th Floor Bridgewater House Counterslip Finzels Reach Bristol BS1 6BX

LENHAM STORAGE COMPANY LIMITED

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LENHAM STORAGE COMPANY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2016

Principal activities

The principal activities of the company during the year were those of warehousing and haulage services.

Business review

The company has enjoyed a successful trading year and the result and financial position of the company are as shown in the annexed statements.

Principal risks and uncertainties

Details of the company's financial risk management objectives and policies are included in note 27 to the accounts.

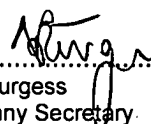
Financial key performance indicators

The Board utilise a number of key performance indicators to monitor and manage the business, foremost amongst these are the measurement of turnover, margins and cash flows. These measures indicate the levels of operation achieved, its profitability and the efficiency with which those profits have been turned into cash.

2016 is the first year which the company complies with the reporting changes under FRS 102. Conditions continue to remain difficult and challenging through 2016, particularly with the recruitment of both Class 1 and Class 2 drivers, leading to the increase in use of agency drivers again this year to meet the increase in turnover. The company also benefited from increases in some key rates negotiated throughout the year. As such revenue grew in the year by 9.1%. However, cost of sales also increased by 9.2% primarily as a result of increases again in agency driver's use, changes to shift patterns within the warehouse operation and the implementation of the living wage. Derv prices have remained relatively constant through the year which mitigated increases elsewhere. Challenges facing the company during 2017 include those mentioned last year, the retaining and recruitment of experienced drivers and the potential effects of the Brexit vote. The company is happy to report an increase in the net margin to 2.45% as compared to last year of 1.7% on a like for like basis.

The company has again been able to respond to the challenges of the current market by reducing costs where it can, and amending its operational overhead to reflect market conditions.

This report was approved by the board and signed on its behalf.


.....
A.M. Burgess
Company Secretary

Date: 10/05/17

LENHAM STORAGE COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2016

The directors present their report and the financial statements for the year ended 31 August 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Results & Dividends

The profit for the year, after taxation, amounted to £685,227 (2015: £817,023).

Directors

The directors who served during the year were:

R.F. Tolhurst
K.N. Abrehart
A.M. Burgess
C.F. Tolhurst
A.C. Fulcher
Mrs D.J. Abrehart
S. Phibbs

Future developments

The company continues to respond to the challenges of the current market by reducing costs where it can, and amending its operational overhead to reflect market conditions.

Employee involvement

The company places considerable value in the involvement of its employees and continues to keep them informed on matters affecting them as employees and on significant factors affecting the performance of the Lenham "Group". This is achieved through formal and informal meetings and employee representatives are consulted regularly on a wide range of issues affecting the employees' current and future interests.

LENHAM STORAGE COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

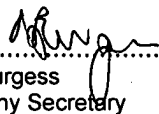
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Menzies LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


.....
A.M. Burgess
Company Secretary

Date: 16/05/17

Ashcombe House
5 The Crescent
Leatherhead
Surrey
KT22 8DY

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
LENHAM STORAGE COMPANY LIMITED**

We have audited the financial statements of Lenham Storage Company Limited for the year ended 31 August 2016, set out on pages 6 to 30. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2016 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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 those financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
LENHAM STORAGE COMPANY LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

Menzies LLP

Peter Earle FCA (Senior Statutory Auditor)
for and on behalf of

Menzies LLP

Chartered Accountants & Statutory Auditor

Ashcombe House

5 The Crescent

Leatherhead

Surrey

KT22 8DY

Date: *16 May 2017*

LENHAM STORAGE COMPANY LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Turnover	4	36,249,267	33,212,670
Cost of sales		(30,354,643)	(27,786,990)
Gross profit		5,894,624	5,425,680
Administrative expenses		(4,839,194)	(4,814,673)
Other operating income	5	44,373	43,723
Fair value movements		-	351,791
Operating profit	6	1,099,803	1,006,521
Interest receivable and similar income	9	333	147
Interest payable and similar charges	10	(217,893)	(81,916)
Other finance income		9,000	10,000
Profit before tax		891,243	934,752
Tax on profit on ordinary activities	12	(206,016)	(117,729)
Profit for the year		685,227	817,023

The notes on pages 11 to 30 form part of these financial statements.

LENHAM STORAGE COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Profit for the financial year		<u>685,227</u>	<u>817,023</u>
Other comprehensive income			
Unrealised surplus/deficit on revaluation of tangible fixed assets		-	1,083,354
Actuarial gain on defined benefit schemes		<u>(125,000)</u>	<u>(9,000)</u>
Other comprehensive income for the year		<u>(125,000)</u>	<u>1,074,354</u>
Total comprehensive income for the year		<u><u>560,227</u></u>	<u><u>1,891,377</u></u>

LENHAM STORAGE COMPANY LIMITED

REGISTERED NUMBER:00463800

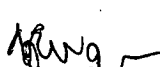
STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	14	16,273,506	16,995,724
Investment property	15	2,775,000	2,775,000
		<u>19,048,506</u>	<u>19,770,724</u>
Current assets			
Stocks	16	114,419	130,459
Debtors	17	8,104,493	7,241,705
Cash at bank and in hand	18	227,936	193,360
		<u>8,446,848</u>	<u>7,565,524</u>
Creditors: amounts falling due within one year	19	(8,771,725)	(9,661,713)
Net current liabilities		<u>(324,877)</u>	<u>(2,096,189)</u>
Total assets less current liabilities		<u>18,723,629</u>	<u>17,674,535</u>
Creditors: amounts falling due after more than one year	20	(3,736,287)	(3,203,420)
Pension asset		134,000	250,000
Net assets		<u>15,121,342</u>	<u>14,721,115</u>
Capital and reserves			
Called up share capital	23	2,002	2,002
Revaluation reserve		9,693,378	9,693,378
Profit and loss account		5,425,962	5,025,735
		<u>15,121,342</u>	<u>14,721,115</u>

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


K.N. Abrehart
Director

Date: 16.5.17


A.M. Burgess
Company Secretary

Date: 16/05/17

LENHAM STORAGE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2016

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2015	2,002	9,693,378	5,025,735	14,721,115
Comprehensive income for the year				
Profit for the year	-	-	685,227	685,227
Actuarial losses on pension scheme	-	-	(125,000)	(125,000)
Other comprehensive income for the year	-	-	(125,000)	(125,000)
Total comprehensive income for the year	-	-	560,227	560,227
Dividends: Equity capital	-	-	(160,000)	(160,000)
At 31 August 2016	2,002	9,693,378	5,425,962	15,121,342

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2015

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2014	2,002	8,610,024	4,217,712	12,829,738
Comprehensive income for the year				
Profit for the year	-	-	817,023	817,023
Actuarial losses on pension scheme	-	-	(9,000)	(9,000)
Surplus on revaluation of other fixed assets	-	1,083,354	-	1,083,354
Other comprehensive income for the year	-	1,083,354	(9,000)	1,074,354
Total comprehensive income for the year	-	1,083,354	808,023	1,891,377
At 31 August 2015	2,002	9,693,378	5,025,735	14,721,115

The notes on pages 11 to 30 form part of these financial statements.

LENHAM STORAGE COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	685,227	817,023
Adjustments for:		
Depreciation of tangible assets	1,773,220	879,423
Loss on disposal of tangible assets	(22,261)	(5,931)
Interest paid	217,893	81,916
Interest received	(333)	(147)
Taxation charge	206,016	117,729
Decrease in stocks	16,040	64,668
(Increase)/decrease in debtors	(862,789)	269,366
(Decrease) in creditors	(601,323)	(644,973)
Corporation tax (paid)	(228,544)	(40,000)
Fair value adjustment to defined benefit pension scheme	(9,000)	(10,000)
FRS102 fair value adjustment to investment property	-	(351,791)
Net cash generated from operating activities	1,174,146	1,177,283
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,081,740)	(630,201)
Sale of tangible fixed assets	53,000	15,508
Interest received	333	147
HP interest paid	(10,618)	(16,144)
Net cash from investing activities	(1,039,025)	(630,690)
Cash flows from financing activities		
New secured loans	265,589	-
Repayment of loans	-	(270,738)
Repayment of/new finance leases	1,141	(177,709)
Loans due from/(repaid to) directors	-	(20,000)
Dividends paid	(160,000)	-
Interest paid	(207,275)	(65,772)
Net cash used in financing activities	(100,545)	(534,219)
Net increase in cash and cash equivalents	34,576	12,374
Cash and cash equivalents at beginning of year	193,360	180,986
Cash and cash equivalents at the end of year	227,936	193,360
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	227,936	193,360
	227,936	193,360

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. General information

Lenham Storage Company Limited is a limited company incorporated in England within the United Kingdom. The address of its registered office is disclosed on page 1. The principal place of business is Maidstone ME17 2LH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 29.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line and reducing balance method.

Depreciation is provided on the following basis:

Plant and machinery	-	2% - 25% on cost
Motor vehicles	-	40% on reducing balance
Fixtures and fittings	-	10% on cost
Computer equipment	-	25% on cost
Trailers	-	20% - 40% on reducing balance

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Income Statement unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

As a result of an assessment of residual values and useful lives during this year, an additional depreciation charge of £1,023,289 has been charged to the profit and loss account.

2.5 Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Income Statement.

2.6 Stocks

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

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

2. Accounting policies (continued)

2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

2. Accounting policies (continued)

2.12 Pensions

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.13 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

2.14 Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The main judgement areas in the accounts are depreciation and the value of the defined benefit pension scheme.

See note 2.4 for commentary on depreciation.

An independent, qualified actuary is employed to annually value the assets and obligations of the pension scheme. The directors believe this sufficiently minimises the risk of the assets and obligations of the scheme being misstated.

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Rendering of services	36,249,267	33,212,670
	<u>36,249,267</u>	<u>33,212,670</u>

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	36,249,267	33,212,670
	<u>36,249,267</u>	<u>33,212,670</u>

5. Other operating income

	2016 £	2015 £
Other operating income	44,373	43,723
	<u>44,373</u>	<u>43,723</u>

6. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	1,773,219	879,423
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	16,500	16,500
Fees payable to the Company's auditors and its associates for other services:		
- Accountancy	9,500	9,500
- Business consultancy	60,763	52,100
Defined benefit pension cost	140,522	120,557
	<u></u>	<u></u>

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages & salaries	13,813,287	13,580,165
Social security costs	1,013,916	942,619
Cost of defined benefit scheme	140,522	120,557
	<u>14,967,725</u>	<u>14,643,341</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Office and management	66	71
Warehouse and transport	357	357
	<u>423</u>	<u>428</u>

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	<u>668,189</u>	<u>657,639</u>

The highest paid director received remuneration of £183,460 (2015 - £209,028).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £5,094 (2015 - £4,750).

9. Interest receivable

	2016 £	2015 £
Other interest receivable	<u>333</u>	<u>147</u>

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

10. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	77,734	71,505
Other loan interest payable	129,541	(5,733)
Finance leases and hire purchase contracts	10,618	16,144
	<u>217,893</u>	<u>81,916</u>

11. Other finance costs

	2016 £	2015 £
Net interest on net defined benefit liability	<u>9,000</u>	<u>10,000</u>

12. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	<u>429,133</u>	<u>126,556</u>
	<u>429,133</u>	<u>126,556</u>
Total current tax	<u>429,133</u>	<u>126,556</u>
Deferred tax		
Origination and reversal of timing differences	<u>(223,117)</u>	<u>(8,827)</u>
Total deferred tax	<u>(223,117)</u>	<u>(8,827)</u>
Taxation on profit on ordinary activities	<u>206,016</u>	<u>117,729</u>

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>891,243</u>	<u>934,752</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	178,248	186,950
Effects of:		
Changes in accounting policy after transition to FRS 102	-	(71,558)
Capital allowances for year in excess of depreciation	239,592	9,683
Expenses not deductible for tax purposes	11,293	-
Other timing differences leading to an increase (decrease) in taxation	(223,117)	(8,827)
Other differences leading to an increase (decrease) in the tax charge	-	1,481
Total tax charge for the year	<u>206,016</u>	<u>117,729</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges other than those disclosed already.

13. Dividends

	2016 £	2015 £
Dividends paid during the year	<u>160,000</u>	-
	<u>160,000</u>	<u>-</u>

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

14. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Other fixed assets £	Total £
Cost or valuation							
At 1 September 2015	14,175,000	5,485,672	1,288,315	315,258	1,069,012	1,644,919	23,978,176
Additions	646,020	133,477	118,416	4,942	115,066	63,819	1,081,740
Disposals	-	-	(132,745)	-	-	(25,115)	(157,860)
At 31 August 2016	<u>14,821,020</u>	<u>5,619,149</u>	<u>1,273,986</u>	<u>320,200</u>	<u>1,184,078</u>	<u>1,683,623</u>	<u>24,902,056</u>
Depreciation							
At 1 September 2015	-	3,900,033	946,154	185,784	688,380	1,262,101	6,982,452
Charge for the period	-	1,368,970	155,034	12,024	140,807	96,384	1,773,219
Disposals	-	-	(112,987)	-	-	(14,134)	(127,121)
At 31 August 2016	<u>-</u>	<u>5,269,003</u>	<u>988,201</u>	<u>197,808</u>	<u>829,187</u>	<u>1,344,351</u>	<u>8,628,550</u>
Net book value							
At 31 August 2016	<u>14,821,020</u>	<u>350,146</u>	<u>285,785</u>	<u>122,392</u>	<u>354,891</u>	<u>339,272</u>	<u>16,273,506</u>
At 31 August 2015	<u>14,175,000</u>	<u>1,585,639</u>	<u>342,161</u>	<u>129,474</u>	<u>380,632</u>	<u>382,818</u>	<u>16,995,724</u>

The net book value of land and buildings may be further analysed as follows:

	2016 £	2015 £
Freehold property	<u>14,821,020</u>	<u>14,175,000</u>
	<u>14,821,020</u>	<u>14,175,000</u>

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

15. Investment property

	Freehold investment property £
Valuation	
At 1 September 2015	2,775,000
At 31 August 2016	2,775,000

The Director's did not have an external valuation in 2016 as they do not believe the values of the investment properties to have changed significantly since the prior year. A full valuation will be taking place in August 2017.

16. Stocks

	2016 £	2015 £
Raw materials and consumables	114,419	130,459

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

17. Debtors

	2016 £	2015 £
Trade debtors	6,520,496	6,133,446
Other debtors	14,925	27,124
Prepayments and accrued income	1,280,125	1,015,304
Deferred taxation	288,947	65,831
	<u>8,104,493</u>	<u>7,241,705</u>

18. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<u>227,936</u>	<u>193,360</u>

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

19. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank loans	377,814	630,421
Trade creditors	3,985,957	4,498,950
Corporation tax	24,173	46,701
Other taxation and social security	762,294	787,588
Obligations under finance lease and hire purchase contracts	137,788	151,318
Other creditors	2,764,817	3,075,379
Accruals and deferred income	718,882	471,356
	<u>8,771,725</u>	<u>9,661,713</u>

	2016 £	2015 £
Other taxation and social security		
PAYE/NI control	285,909	246,294
VAT control	476,385	541,294
	<u>762,294</u>	<u>787,588</u>

Secured loans

Included within other creditors above is an amount of £2,437,675 (2015: £2,914,671) which is secured on the companies trade debtors.

All bank loans and overdrafts are secured by the company.

20. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Bank loans	3,603,829	3,085,633
Net obligations under finance leases and hire purchase contracts	132,458	117,787
	<u>3,736,287</u>	<u>3,203,420</u>

Secured loans

All bank loans are secured by the company.

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

21. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	6,535,421	6,160,570
	<u>6,535,421</u>	<u>6,160,570</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(11,721,545)	(12,030,844)
	<u>(11,721,545)</u>	<u>(12,030,844)</u>

Financial assets measured at amortised cost comprise of trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, accruals, bank loans and finance/hp lease agreements.

22. Deferred taxation

	2016 £
At beginning of year	65,831
Charged to profit or loss	223,116
At end of year	<u>288,947</u>
	2016 £
Excess of depreciation over capital allowances	288,947
	<u>288,947</u>

23. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
2,002 Ordinary shares of £1 each	<u>2,002</u>	<u>2,002</u>

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

24. Pension commitments

The Company operates a Defined Benefit Pension Scheme.

There are no other post-retirement benefits provided.

Reconciliation of present value of plan liabilities:

	2016 £	2015 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	1,558,000	1,548,000
Interest cost	55,000	58,000
Actuarial gains/losses	293,000	75,000
Benefits paid	(75,000)	(123,000)
At the end of the year	1,831,000	1,558,000

	2016 £	2015 £
At the beginning of the year	1,808,000	1,797,000
Interest income	64,000	68,000
Actuarial gains/losses	168,000	66,000
Benefits paid	(75,000)	(123,000)
At the end of the year	1,965,000	1,808,000

	2016 £	2015 £
Fair value of plan assets	1,965,000	1,808,000
Present value of plan liabilities	(1,831,000)	(1,558,000)
Net pension scheme liability	134,000	250,000

The amounts recognised in profit or loss are as follows:

	2016 £	2015 £
Interest on obligation	9,000	10,000
Total	9,000	10,000

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

24. Pension commitments (continued)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £(125,000) (2015 - £(9,000)).

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2016	2015
	%	%
Discount rate	2.00	3.60
Expected return on scheme assets	2.00	3.60
Future pension increases	3.10	3.40
Inflation assumption	3.10	3.40

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2016	2015	2014	2013	2012
	£	£	£	£	£
Defined benefit obligation	(1,831,000)	(1,558,000)	(668,000)	(566,000)	(727,000)
Scheme assets	1,965,000	1,808,000	917,000	860,000	1,025,000
Surplus	134,000	250,000	249,000	294,000	298,000

25. Commitments under operating leases

At 31 August 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016	2015
	£	£
Not later than 1 year	2,188,551	1,454,835
Later than 1 year and not later than 5 years	5,192,401	3,248,170
Later than 5 years	170,714	-
	7,551,666	4,703,005

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

26. Related party transactions

During the year there were transactions with companies in which R. F. Tolhurst, a majority shareholder, and his sister Mrs D. J. Abrehart, have controlling interests, and for which R. F. Tolhurst is also a director. The companies involved are Lenham Storage (Southern) Limited, Lenham Garages Limited, Freightflow International Limited and Lee Davey Caravans Limited.

Total sales in the period to Lenham Garages Limited amounted to £14,004 (2015: £23,161), sales to Lenham Storage (Southern) Company Limited amounted to £1,394,485 (2015: £1,281,147) and sales to Lee Davey Caravans Limited amounted to £14,386 (2015: £14,188). Total purchases in the period from Lenham Garages Limited and Lenham Storage (Southern) Limited amounted to £884,537 (2015: £954,183) and £2,348,833 (2015: £2,300,918) respectively, and purchases from Lee Davey Caravans Limited amounted to £Nil (2015: £82).

Lenham Storage Company Limited received a management charge of £66,180 (2015: £66,180) from Lenham Garages Limited during the year.

Included within trade debtors are the following balances due from these related companies:

Lenham Garages Limited £412,911 (2015: £419,801).

Lenham Storage (Southern) Limited £462,017 (2015: £222,014).

Lee Davey Caravans Limited £2,633 (2015: £2,636).

Included within trade creditors are the following balances due to these related companies:

Lenham Storage (Southern) Limited £386,907 (2015: £743,364).

Lenham Garages Limited £137,179 (2015: £174,008).

Included within other creditors is a balance of £Nil (2015: £10,000) due to Lee Davey Caravans Limited and a balance of £138,836 (2015: £132,808) is due to Lenham Storage (Southern) Limited.

All of the above transactions were undertaken on an arm's length basis.

At the year end, R. F. Tolhurst was owed £89,290 (2015: (£19,721)) by the company.

At the year end, D. J. Abrehart was owed £480,000 (2015: £Nil) by the company.

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

27. Financial risk management objectives and policies

The company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Interest rate risk

The company finances its operations through a combination of retained earnings and hire purchase contracts. Exposure to interest rate fluctuations is controlled by entering into fixed rate agreements.

Credit risk

The company's principal financial assets are trade debtors.

In order to manage credit risk on these debtors the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Liquidity risk

The directors monitor the cash levels of the company to ensure that there are always cash funds available to meet the day to day working capital requirements of the company. Short term flexibility is achieved through the company's banking arrangements.

The company finances much of its investment in tangible fixed assets through hire purchase contracts.

28. Controlling party

The directors are of the opinion that there is no one controlling party.

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

29. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 September 2014. The impact of the transition to FRS 102 is as follows:

	As previously stated 1 September 2014 £	Effect of transition 1 September 2014 £	FRS 102 (as restated) 1 September 2014 £	As previously stated 31 August 2015 £	Effect of transition 31 August 2015 £	FRS 102 (as restated) 31 August 2015 £
Note						
Fixed assets	18,594,378	-	18,594,378	19,770,724	-	19,770,724
Current assets	7,918,212	-	7,918,212	7,565,524	-	7,565,524
Creditors: amounts falling due within one year	(10,370,274)	-	(10,370,274)	(9,661,713)	-	(9,661,713)
Net current liabilities	(2,452,062)	-	(2,452,062)	(2,096,189)	-	(2,096,189)
Total assets less current liabilities	16,142,316	-	16,142,316	17,674,535	-	17,674,535
Creditors: amounts falling due after more than one year	(3,541,578)	-	(3,541,578)	(3,203,420)	-	(3,203,420)
Provisions for liabilities	249,000	-	249,000	250,000	-	250,000
Net assets	12,849,738	-	12,849,738	14,721,115	-	14,721,115
Capital and reserves	12,829,738	-	12,829,738	14,721,115	-	14,721,115

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

29. First time adoption of FRS 102 (continued)

	<i>As previously stated 31 August 2015 £</i>	<i>Effect of transition 31 August 2015 £</i>	<i>FRS 102 (as restated) 31 August 2015 £</i>
Note			
Turnover	33,212,670	-	33,212,670
Cost of sales	(27,786,990)	-	(27,786,990)
	<u>5,425,680</u>	<u>-</u>	<u>5,425,680</u>
Administrative expenses	(4,814,673)	-	(4,814,673)
Other operating income	43,723	-	43,723
Fair value movement	-	351,791	351,791
	<u>654,730</u>	<u>351,791</u>	<u>1,006,521</u>
Operating profit	654,730	351,791	1,006,521
Interest receivable and similar income	147	-	147
Interest payable and similar charges	(81,916)	-	(81,916)
Other finance income	4,000	6,000	10,000
Taxation	(117,729)	-	(117,729)
	<u>459,232</u>	<u>357,791</u>	<u>817,023</u>
Profit on ordinary activities after taxation and for the financial year	459,232	357,791	817,023

Explanation of changes to previously reported profit and equity:

- Under FRS102 the Companies revaluation of its investment property in 2015 of £351,791 is recognised as a fair value movement through the profit and loss account. This has resulted in an increase to the non distributable profit and loss reserve of £351,791.