

Company registration number: 00463800

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED

31 AUGUST 2017

**LENHAM STORAGE
COMPANY LIMITED**

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LENHAM STORAGE COMPANY LIMITED

COMPANY INFORMATION

Directors

R.F. Tolhurst
K.N. Abrehart
A.M. Burgess
C.F. Tolhurst
A.C. Fulcher
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 2017

Introduction

Lenham Storage Company Limited hereby present the Strategic Report covering the results for the financial year ending 31 August 2017.

Principal activities & business review

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

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

2017 is the second year which the company complies with the reporting changes under FRS 102. All company properties this year, in line with the company policy, were revalued, and a fair value favourable movement of £290k was written back in to the profit and loss account this year relating to a number of the companies investment properties. The company also reports a further increase in the value of its business properties of £1,029,536.

Principal risks and uncertainties

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.

LENHAM STORAGE COMPANY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

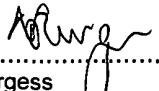
Financial key performance indicators

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.

The company has benefited from increases in some key rates negotiated throughout the year. Revenue fell by 6.3% (2016 = + 9.1%) as a result of the loss, part way through the year, of a large client; the full impact of this is expected to be shown in turnover in 2017. This has not impacted on profitability, as net profits increased by 23.9% (2016 = -4.6%) after the impact of fair value movements has been removed. This is due to cost saving benefits and the impact on improved rates.

Challenges facing the company during 2018 will include the recruitment and retention of drivers and the potential effects of the Brexit vote. The company will in 2018 also trigger the option that the company holds to purchase the final area of its Sittingbourne warehouse operation it currently does not own.

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


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

Date: 8/5/18

LENHAM STORAGE COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2017

The directors present their report and the financial statements for the year ended 31 August 2017.

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 to 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 £1,139,489 (2016: £685,227).

Directors

The directors who served during the year were:

R.F. Tolhurst
K.N. Abrehart
A.M. Burgess
C.F. Tolhurst
A.C. Fulcher
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.

Disabled employees

Applications for employment by disabled persons are always fully considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure their employment by the company continues. It is company policy that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of the other employees.

LENHAM STORAGE COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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.

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.

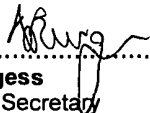
Post balance sheet events

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: 8/5/18

Ashcombe House
5 The Crescent
Leatherhead
Surrey
KT22 8DY

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

Opinion

We have audited the financial statements of Lenham Storage Company Limited (the 'Company') for the year ended 31 August 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity 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 Financial Reporting Standard 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 August 2017 and of its profit 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.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Opinion 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, 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.

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

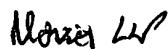
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.



Andrew Hookway 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: 8/5/17

LENHAM STORAGE COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Turnover	4	33,957,070	36,249,267
Cost of sales		(27,117,692)	(30,354,643)
Gross profit		6,839,378	5,894,624
Administrative expenses		(5,401,164)	(4,839,194)
Other operating income	5	46,038	44,373
Fair value movements		290,000	-
Operating profit	6	1,774,252	1,099,803
Interest receivable and similar income	9	2,227	333
Interest payable and expenses	10	(256,648)	(217,893)
Other finance income		3,000	9,000
Profit before tax		1,522,831	891,243
Tax on profit	12	(383,342)	(206,016)
Profit for the financial year		1,139,489	685,227
Other comprehensive income for the year			
Unrealised surplus on revaluation of tangible fixed assets		1,029,536	-
Actuarial gain/losses on defined benefit pension scheme		42,000	(125,000)
Other comprehensive income for the year		1,071,536	(125,000)
Total comprehensive income for the year		2,211,025	560,227

LENHAM STORAGE COMPANY LIMITED

REGISTERED NUMBER:00463800

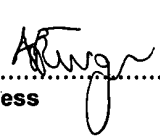
STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	14	17,789,515	16,273,506
Investment property	15	3,065,000	2,775,000
		<u>20,854,515</u>	<u>19,048,506</u>
Current assets			
Stocks	16	134,906	114,419
Debtors	17	8,406,420	8,104,493
Cash at bank and in hand		436,079	227,936
		<u>8,977,405</u>	<u>8,446,848</u>
Creditors: amounts falling due within one year	18	(9,539,619)	(8,771,725)
Net current liabilities		<u>(562,214)</u>	<u>(324,877)</u>
Total assets less current liabilities		<u>20,292,301</u>	<u>18,723,629</u>
Creditors: amounts falling due after more than one year	19	(3,138,934)	(3,736,287)
Pension asset		179,000	134,000
Net assets		<u>17,332,367</u>	<u>15,121,342</u>
Capital and reserves			
Called up share capital	22	2,002	2,002
Revaluation reserve		10,722,914	9,693,378
Profit and loss account		6,607,451	5,425,962
		<u>17,332,367</u>	<u>15,121,342</u>

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


R.F. Tolhurst
Director

Date: 8/5/18


A.M. Burgess
Director

Date: 8/5/18

LENHAM STORAGE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2017

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 September 2016	2,002	9,693,378	5,425,962	15,121,342
Comprehensive income for the year				
Profit for the year	-	-	1,139,489	1,139,489
Actuarial gains on pension scheme	-	-	42,000	42,000
Surplus on revaluation of freehold property	-	1,029,536	-	1,029,536
Other comprehensive income for the year	-	1,029,536	42,000	1,071,536
Total comprehensive income for the year	-	1,029,536	1,181,489	2,211,025
At 31 August 2017	2,002	10,722,914	6,607,451	17,332,367

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

The notes on pages 12 to 30 form part of these financial statements.

LENHAM STORAGE COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	1,139,489	685,227
Adjustments for:		
Depreciation of tangible assets	684,064	1,773,220
Loss on disposal of tangible assets	(4,794)	(22,261)
Interest paid	256,648	217,893
Interest received	(2,227)	(333)
Taxation charge	383,342	206,016
(Increase)/decrease in stocks	(20,487)	16,040
(Increase) in debtors	(346,603)	(862,789)
Increase/(decrease) in creditors	435,563	(601,323)
Net fair value (gains)/losses recognised in P&L	(290,000)	-
Corporation tax (paid)	(330,765)	(228,544)
Fair value adjustment to defined benefit pension scheme	(3,000)	(9,000)
Net cash generated from operating activities	1,901,230	1,174,146
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,234,632)	(1,081,740)
Sale of tangible fixed assets	68,889	53,000
Interest received	2,227	333
HP interest paid	(15,133)	(10,618)
Net cash from investing activities	(1,178,649)	(1,039,025)
Cash flows from financing activities		
New secured loans	-	265,589
Repayment of loans	(218,994)	-
Repayment of new finance leases	(53,929)	1,141
Dividends paid	-	(160,000)
Interest paid	(241,515)	(207,275)
Net cash used in financing activities	(514,438)	(100,545)
Net increase in cash and cash equivalents	208,143	34,576
Cash and cash equivalents at beginning of year	227,936	193,360
Cash and cash equivalents at the end of year	436,079	227,936
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	436,079	227,936
	436,079	227,936

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1. General information

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

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

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.

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 freehold land and buildings and 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 2017

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 land and buildings 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 Statement of Comprehensive Income 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.

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.

2.8 Financial instruments

The Company only enters into basic financial instrument 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.

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

2. Accounting policies (continued)

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 Statement of Comprehensive Income 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.

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'.

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

2. Accounting policies (continued)

2.13 Interest income

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

2.14 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income 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 Statement of Comprehensive Income 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.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

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.

4. Turnover

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

	2017 £	2016 £
Rendering of services	33,957,070	36,249,267
	<u>33,957,070</u>	<u>36,249,267</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	33,957,070	36,249,267
	<u>33,957,070</u>	<u>36,249,267</u>

5. Other operating income

	2017 £	2016 £
Other operating income	46,038	44,373
	<u>46,038</u>	<u>44,373</u>

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	656,635	1,773,219
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:		
- Business consultancy	60,050	60,763
Defined contribution/benefit pension costs	171,492	140,522
	<u> </u>	<u> </u>

7. Employees

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

	2017 £	2016 £
Wages and salaries	12,612,358	13,813,287
Social security costs	1,177,117	1,013,916
Cost of defined contribution/benefit schemes	171,492	140,522
	<u>13,960,967</u>	<u>14,967,725</u>

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

	2017 No.	2016 No.
Office and management	66	66
Warehouse and transport	356	357
	<u>422</u>	<u>423</u>

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	<u>967,353</u>	<u>668,189</u>

During the year retirement benefits were accruing to 3 directors (2016 - 3) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £267,589 (2016 - £183,460).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £3,600 (2016 - £5,094).

9. Interest receivable

	2017 £	2016 £
Other interest receivable	<u>2,227</u>	<u>333</u>

10. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	52,941	77,734
Other loan interest payable	188,574	129,541
Finance leases and hire purchase contracts	15,133	10,618
	<u>256,648</u>	<u>217,893</u>

11. Other finance costs

	2017 £	2016 £
Net interest on net defined benefit liability	<u>3,000</u>	<u>9,000</u>

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

12. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	338,666	429,133
	<u>338,666</u>	<u>429,133</u>
Total current tax	<u>338,666</u>	<u>429,133</u>
Deferred tax		
Origination and reversal of timing differences	44,676	(223,117)
Total deferred tax	<u>44,676</u>	<u>(223,117)</u>
Taxation on profit on ordinary activities	<u>383,342</u>	<u>206,016</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19.5% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	1,522,831	891,243
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 18% (2016 - 20%)	298,221	178,248
Effects of:		
Capital allowances for year in excess of depreciation	(682)	239,592
Expenses not deductible for tax purposes	34,535	11,293
Adjustments to tax charge in respect of prior periods	6,592	-
Other timing differences leading to an increase (decrease) in taxation	44,676	(223,117)
Total tax charge for the year	<u>383,342</u>	<u>206,016</u>

Factors that may affect future tax charges

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

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

13. Dividends

	2017 £	2016 £
Dividends paid during the year	-	160,000
	-	160,000

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

14. Tangible fixed assets

	Freehold Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
Cost or valuation					
At 1 September 2016	14,821,020	5,619,149	1,273,986	320,200	1,184,078
Additions	349,444	583,778	151,927	5,838	121,057
Disposals	-	-	(220,625)	-	-
Revaluations	1,029,536	-	-	-	-
At 31 August 2017	16,200,000	6,202,927	1,205,288	326,038	1,305,135
Depreciation					
At 1 September 2016	-	5,269,003	988,201	197,808	829,187
Charge for the year on owned assets	-	236,795	136,792	11,772	169,194
Disposals	-	-	(161,812)	-	-
At 31 August 2017	-	5,505,798	963,181	209,580	998,381
Net book value					
At 31 August 2017	16,200,000	697,129	242,107	116,458	306,754
At 31 August 2016	14,821,020	350,146	285,785	122,392	354,891

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

14. Tangible fixed assets (continued)

	Other fixed assets £	Total £
Cost or valuation		
At 1 September 2016	1,683,623	24,902,056
Additions	22,588	1,234,632
Disposals	(318,251)	(538,876)
Revaluations	-	1,029,536
At 31 August 2017	1,387,960	26,627,348
Depreciation		
At 1 September 2016	1,344,351	8,628,550
Charge for the year on owned assets	102,082	656,635
Disposals	(285,540)	(447,352)
At 31 August 2017	1,160,893	8,837,833
Net book value		
At 31 August 2017	227,067	17,789,515
At 31 August 2016	339,272	16,273,506

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

	2017 £	2016 £
Freehold land and buildings	16,200,000	14,821,020
	16,200,000	14,821,020

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

15. Investment property

	Freehold investment property £
Valuation	
At 1 September 2016	2,775,000
Surplus on revaluation	290,000
At 31 August 2017	3,065,000

The 2017 valuations were made by Lambert Smith Hampton Group Limited, on an open market value for existing use basis.

16. Stocks

	2017 £	2016 £
Raw materials and consumables	134,906	114,419

17. Debtors

	2017 £	2016 £
Trade debtors	6,073,303	5,642,935
Amounts owed by related parties	808,820	877,561
Other debtors	7,086	14,925
Prepayments and accrued income	1,272,940	1,280,125
Deferred taxation	244,271	288,947
	8,406,420	8,104,493

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

18. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans	723,956	377,814
Trade creditors	3,714,551	3,461,767
Amounts owed to related parties	1,200,647	663,026
Corporation tax	32,074	24,173
Other taxation and social security	786,149	762,294
Obligations under finance lease and hire purchase contracts	116,076	137,788
Other creditors	1,779,417	2,625,981
Accruals and deferred income	1,186,749	718,882
	<u>9,539,619</u>	<u>8,771,725</u>

	2017 £	2016 £
Other taxation and social security		
PAYE/NI control	293,577	285,909
VAT control	492,572	476,385
	<u>786,149</u>	<u>762,294</u>

Secured loans

Included within other creditors above is an amount of £1,525,007 (2016: £437,675) which is secured on the company's trade debtors.

All bank loans and overdrafts are secured on the company's land and buildings together with a cross guarantee with Lenham Garages Limited and Lenham Storage (Southern) Limited.

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

	2017 £	2016 £
Bank loans	2,478,693	3,603,829
Net obligations under finance leases and hire purchase contracts	100,241	132,458
Other creditors	560,000	-
	<u>3,138,934</u>	<u>3,736,287</u>

Secured loans

All bank loans are secured on the fixed assets of the company.

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

20. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	6,889,209	6,535,421
	<u>6,889,209</u>	<u>6,535,421</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(11,438,975)	(11,721,545)
	<u>(11,438,975)</u>	<u>(11,721,545)</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 obligations under finance leases and hire purchase contracts.

21. Deferred taxation

	2017 £
At beginning of year	288,947
Charged to profit or loss	(44,676)
At end of year	<u>244,271</u>

The deferred tax asset is made up as follows:

	2017 £	2016 £
Excess of depreciation over capital allowances	244,271	288,947
	<u>244,271</u>	<u>288,947</u>

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

22. Share capital

	2017 £	2016 £
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 2017

23. 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:

	2017 £	2016 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	1,831,000	1,558,000
Interest cost	36,000	55,000
Actuarial gains/losses	(85,000)	293,000
Benefits paid	(70,000)	(75,000)
At the end of the year	1,712,000	1,831,000

Reconciliation of present value of plan assets:

	2017 £	2016 £
At the beginning of the year	1,965,000	1,808,000
Interest income	39,000	64,000
Actuarial gains/losses	(43,000)	168,000
Benefits paid	(70,000)	(75,000)
At the end of the year	1,891,000	1,965,000

	2017 £	2016 £
Fair value of plan assets	1,891,000	1,965,000
Present value of plan liabilities	(1,712,000)	(1,831,000)
Net pension scheme liability	179,000	134,000

The amounts recognised in profit or loss are as follows:

	2017 £	2016 £
Interest on obligation	3,000	9,000
Total	3,000	9,000

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

23. Pension commitments (continued)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £42,000 (2016 - £(125,000)).

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

	2017 %	2016 %
Discount rate	2.40	2.00
Expected return on scheme assets	2.55	2.10
Future pension increases	3.55	3.10
Inflation assumption	3.55	3.10

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

Defined benefit pension schemes

	2017 £	2016 £	2015 £	2014 £	2013 £
Defined benefit obligation	(1,712,000)	(1,831,000)	(1,558,000)	(668,000)	(566,000)
Scheme assets	1,891,000	1,965,000	1,808,000	917,000	860,000
Surplus	179,000	134,000	250,000	249,000	294,000

24. Commitments under operating leases

At 31 August 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	2,932,896	2,188,551
Later than 1 year and not later than 5 years	5,454,215	5,192,401
Later than 5 years	125,291	170,714
	8,512,402	7,551,666

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

25. 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 £18,037 (2016: £14,004), sales to Lenham Storage (Southern) Company Limited amounted to £1,831,300 (2016: £1,394,485) and sales to Lee Davey Caravans Limited amounted to £15,532 (2016: £14,386). Total purchases in the period from Lenham Garages Limited and Lenham Storage (Southern) Limited amounted to £849,694 (2016: £884,537) and £2,357,621 (2016: £2,348,833) respectively.

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

Lenham Garages Limited £438,523 (2016: £412,911).

Lenham Storage (Southern) Limited £367,295 (2016: £462,017).

Lee Davey Caravans Limited £3,003 (2016: £2,633).

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

Lenham Storage (Southern) Limited £419,066 (2016: £386,907).

Lenham Garages Limited £149,594 (2016: £137,179).

Included within other creditors is a balance of £531,785 (2016: £138,836) is due to Lenham Storage (Southern) Limited and a balance of £100,000 (2016: Nil) due to Lee Davey Caravans Limited.

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

At the year end, R. F. Tolhurst was owed £65,038 (2016: £89,290) by the company.

At the year end, D. J. Abrehart was owed £700,000 (2016: £480,000) by the company.

LENHAM STORAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

26. 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.

27. Controlling party

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