

John Hudson Trailers Ltd

Strategic Report, Report of the Directors and

Financial Statements For The Year Ended 31 August 2020

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For The Year Ended 31 August 2020

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John Hudson Trailers Ltd
Company Information
For The Year Ended 31 August 2020

| | |
|---------------------------|---|
| DIRECTORS: | D A Cawley J W Hudson G Robbins |
| SECRETARY: | G Robbins |
| REGISTERED OFFICE: | Doncaster Road Bawtry Doncaster South Yorkshire DN10 6NX |
| REGISTERED NUMBER: | 01221249 (England and Wales) |
| AUDITORS: | Allotts Business Services Ltd, Statutory Auditor Chartered Accountants Sidings Court Lakeside Doncaster South Yorkshire DN4 5NU |
| BANKERS: | National Westminster Bank Plc 12 High St Doncaster South Yorkshire DN1 1EJ |

Strategic Report
For The Year Ended 31 August 2020

The directors present their strategic report for the year ended 31 August 2020.

REVIEW OF BUSINESS

The directors consider that the company has had as successful year as could have been hoped for in the circumstances, in particular acquiring a business in Middlesbrough resulting in major expansion of the trailer fleet. Longstone Tyres experienced reduced attendance at vintage car events but continued to operate through other channels. The group acquisition will enable the company to serve additional markets it didn't cover previously for trailer hire and sales. The operations are merging successfully into the company's systems and methodologies.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider that the main economic risks facing the company are:

- i) Significant increase in interest rates.
- ii) Foreign exchange rate fluctuations.
- iii) Utilisation of the trailer fleet.
- iv) The general economic climate.
- v) Implications arising from Brexit.
- vi) Effects of the coronavirus pandemic and the government's response.

KEY PERFORMANCE INDICATORS

The directors consider that the key performance indicators for the year are as follows:

Turnover has decreased 3%. (2019: increased 8.3%).

Gross profit margin is 33% (2019: 35%)

Net profit before tax is 6% of turnover. (2019: 4%)

ON BEHALF OF THE BOARD:

G Robbins - Secretary

24 November 2020

Report of the Directors
For The Year Ended 31 August 2020

The directors present their report with the financial statements of the company for the year ended 31 August 2020.

PRINCIPAL ACTIVITIES

The company's principal activities are goods vehicle trailer hire & sales, commercial vehicle servicing and vintage car tyre sales.

DIVIDENDS

No dividends will be distributed for the year ended 31 August 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 September 2019 to the date of this report.

D A Cawley
J W Hudson
G Robbins

Other changes in directors holding office are as follows:

C J Hudson - resigned 15 November 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Allotts Business Services Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

G Robbins - Secretary

24 November 2020

Report of the Independent Auditors to the Members of John Hudson Trailers Ltd

Opinion

We have audited the financial statements of John Hudson Trailers Ltd (the 'company') for the year ended 31 August 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, 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 2020 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

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.

Report of the Independent Auditors to the Members of
John Hudson Trailers Ltd

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

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 a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors 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.

Steven Pepper FCA (Senior Statutory Auditor)
for and on behalf of Allotts Business Services Ltd, Statutory Auditor
Chartered Accountants
Sidings Court
Lakeside
Doncaster
South Yorkshire
DN4 5NU

26 November 2020

Statement of Comprehensive Income
For The Year Ended 31 August 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|------------------|------------------|------------------|------------------|
| TURNOVER | 3 | | 14,532,981 | | 14,968,840 |
| Cost of sales | | | <u>9,750,701</u> | | <u>9,856,783</u> |
| GROSS PROFIT | | | 4,782,280 | | 5,112,057 |
| Distribution costs | | 43,163 | | 42,367 | |
| Administrative expenses | | <u>3,391,584</u> | | <u>4,118,761</u> | |
| | | | <u>3,434,747</u> | | <u>4,161,128</u> |
| | | | 1,347,533 | | 950,929 |
| Other operating income | | | <u>221,362</u> | | <u>-</u> |
| OPERATING PROFIT | 5 | | 1,568,895 | | 950,929 |
| Interest receivable and similar income | | | <u>-</u> | | <u>12</u> |
| | | | 1,568,895 | | 950,941 |
| Interest payable and similar expenses | 6 | | <u>388,502</u> | | <u>320,023</u> |
| PROFIT BEFORE TAXATION | | | 1,180,393 | | 630,918 |
| Tax on profit | 7 | | <u>247,777</u> | | <u>127,935</u> |
| PROFIT FOR THE FINANCIAL YEAR | | | 932,616 | | 502,983 |
| OTHER COMPREHENSIVE INCOME | | | <u>-</u> | | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | | <u>932,616</u> | | <u>502,983</u> |

The notes form part of these financial statements

John Hudson Trailers Ltd (Registered number: 01221249)

Balance Sheet
31 August 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|-------------------|--------------------|------------------|--------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 8 | | 2,059,258 | | - |
| Tangible assets | 9 | | 18,788,103 | | 15,986,710 |
| Investments | 10 | | <u>3,046,445</u> | | <u>-</u> |
| | | | 23,893,806 | | 15,986,710 |
| CURRENT ASSETS | | | | | |
| Stocks | 11 | 1,035,423 | | 1,026,656 | |
| Debtors | 12 | 2,820,582 | | 2,544,090 | |
| Cash at bank | | <u>1,813,955</u> | | <u>871,437</u> | |
| | | 5,669,960 | | 4,442,183 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 13 | <u>10,868,640</u> | | <u>5,945,299</u> | |
| NET CURRENT LIABILITIES | | | <u>(5,198,680)</u> | | <u>(1,503,116)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 18,695,126 | | 14,483,594 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 14 | | (11,031,217) | | (7,812,681) |
| PROVISIONS FOR LIABILITIES | 18 | | <u>(1,457,454)</u> | | <u>(997,074)</u> |
| NET ASSETS | | | <u>6,206,455</u> | | <u>5,673,839</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 19 | | 30 | | 61 |
| Capital redemption reserve | | | 70 | | 39 |
| Retained earnings | | | <u>6,206,355</u> | | <u>5,673,739</u> |
| SHAREHOLDERS' FUNDS | | | <u>6,206,455</u> | | <u>5,673,839</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 24 November 2020 and were signed on its behalf by:

G Robbins - Director

The notes form part of these financial statements

Statement of Changes in Equity
For The Year Ended 31 August 2020

| | Called up share capital £ | Retained earnings £ | Capital redemption reserve £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|---------------------------------------|----------------------|
| Balance at 1 September 2018 | 61 | 5,170,756 | 39 | 5,170,856 |
| Changes in equity | | | | |
| Total comprehensive income | - | 502,983 | - | 502,983 |
| Balance at 31 August 2019 | <u>61</u> | <u>5,673,739</u> | <u>39</u> | <u>5,673,839</u> |
| Changes in equity | | | | |
| Issue of share capital | (31) | - | - | (31) |
| Total comprehensive income | - | 932,616 | - | 932,616 |
| Purchase of own shares | - | (400,000) | 31 | (399,969) |
| Balance at 31 August 2020 | <u>30</u> | <u>6,206,355</u> | <u>70</u> | <u>6,206,455</u> |

Cash Flow Statement
For The Year Ended 31 August 2020

| | Notes | 2020 £ | 2019 £ |
|---|-------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 3,068,315 | 1,706,325 |
| Interest paid | | (6,476) | (5) |
| Interest element of hire purchase payments paid | | (293,647) | (320,018) |
| Tax paid | | (42,106) | (13,903) |
| Net cash from operating activities | | <u>2,726,086</u> | <u>1,372,399</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (1,466,220) | (1,127,832) |
| Sale of tangible fixed assets | | 5,397,708 | 5,404,860 |
| Consideration for subsidiary | | (5,128,982) | - |
| Acquisition costs | | (85,102) | - |
| Cash in subsidiary on acquisition | | 110,649 | - |
| Interest received | | - | 12 |
| Net cash from investing activities | | <u>(1,171,947)</u> | <u>4,277,040</u> |
| Cash flows from financing activities | | | |
| New loans in year | | 1,275,000 | - |
| Loan repayments in year | | (9,197) | - |
| Capital repayments in year | | (5,348,472) | (6,104,504) |
| Purchase of own shares | | (400,000) | - |
| New hire purchase on existing fleet | | 3,829,295 | - |
| Net cash from financing activities | | <u>(653,374)</u> | <u>(6,104,504)</u> |
| Increase/(decrease) in cash and cash equivalents | | <u>900,765</u> | <u>(455,065)</u> |
| Cash and cash equivalents at beginning of year | 2 | 871,437 | 1,336,955 |
| Effect of foreign exchange rate changes | | 41,753 | (10,453) |
| Cash and cash equivalents at end of year | 2 | <u>1,813,955</u> | <u>871,437</u> |

**Notes to the Cash Flow Statement
For The Year Ended 31 August 2020**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | 2020 | 2019 |
|---------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Profit before taxation | 1,180,393 | 630,918 |
| Depreciation charges | 3,406,599 | 2,707,481 |
| Profit on disposal of fixed assets | (1,729,154) | (1,421,662) |
| Exchange (gain)/loss on bank accounts | (41,753) | 10,453 |
| Finance costs | 388,502 | 320,023 |
| Finance income | - | (12) |
| | <u>3,204,587</u> | <u>2,247,201</u> |
| Decrease in stocks | 180,503 | 121,597 |
| Decrease in trade and other debtors | 43,721 | 218,886 |
| Decrease in trade and other creditors | (360,496) | (881,359) |
| Cash generated from operations | <u><u>3,068,315</u></u> | <u><u>1,706,325</u></u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 August 2020

| | 31.8.20 | 1.9.19 |
|---------------------------|------------------|----------------|
| | £ | £ |
| Cash and cash equivalents | <u>1,813,955</u> | <u>871,437</u> |

Year ended 31 August 2019

| | 31.8.19 | 1.9.18 |
|---------------------------|----------------|------------------|
| | £ | £ |
| Cash and cash equivalents | <u>871,437</u> | <u>1,336,955</u> |

3. ANALYSIS OF CHANGES IN NET DEBT

| | At 1.9.19 | Cash flow | Other non-cash changes | At 31.8.20 |
|---------------------------------|----------------------------|-------------------------|------------------------|----------------------------|
| | £ | £ | £ | £ |
| Net cash | | | | |
| Cash at bank | 871,437 | 942,518 | | 1,813,955 |
| | <u>871,437</u> | <u>942,518</u> | | <u>1,813,955</u> |
| Debt | | | | |
| Finance leases | (10,937,780) | 5,348,472 | - | (13,644,874) |
| Debts falling due within 1 year | - | (36,299) | - | (36,299) |
| Debts falling due after 1 year | - | (1,233,066) | - | (1,233,066) |
| | <u>(10,937,780)</u> | <u>4,079,107</u> | <u>-</u> | <u>(14,914,239)</u> |
| Total | <u><u>(10,066,343)</u></u> | <u><u>5,021,625</u></u> | <u><u>-</u></u> | <u><u>(13,100,284)</u></u> |

4. MAJOR NON-CASH TRANSACTIONS

New hire purchase agreements of £8,055,566 (2019: £7,165,374) were entered.

Notes to the Financial Statements
For The Year Ended 31 August 2020

1. STATUTORY INFORMATION

John Hudson Trailers Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Preparation of consolidated financial statements

The company's only subsidiary undertaking has not traded since acquisition so is immaterial. Therefore consolidated accounts have not been produced and these financial statements present information only about the company and not about its group.

Turnover

Turnover represents the value of goods and services provided to outside customers excluding value added tax and sales of fixed assets.

Turnover from sales of goods and services is recognised when the goods are delivered, the service has been provided in full or the company obtained the right to consideration. Turnover from trailer hire is recognised over the period in which the trailer is available for the customer's use.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2020, is being amortised evenly over its estimated useful life of ten years.

Goodwill represents the difference between the purchase price of the subsidiary undertaking acquired in the year and the net book value of the assets immediately transferred to this company, leaving the new subsidiary non trading. Strict application of accounting standards would require an impairment to be recognised in the profit and loss account. This would not reflect the commercial reality of the situation so a true and fair override had been applied to reclassify the difference as goodwill. The value of goodwill capitalised less the amortisation to date amounts to £2,059,258.

Tangible fixed assets

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

| | |
|--------------------------|---|
| Freehold property | - 2% on cost and not provided |
| Trailers & Hire Vehicles | - 25% on cost, 15% on cost and 10% on cost |
| Plant and machinery | - 20% on cost, 10% on cost and 7.5% on cost |
| Motor vehicles | - 25% on reducing balance |

Cost includes all expenditure necessary to bring the asset to its operational location and condition.

Government grants

Government grants are recognised in the profit and loss account in the same period in which the related expense is incurred.

Stocks and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value on a first in first out basis. Parts stock is valued at standard cost but lines which have no movement in the preceding twelve months are not valued.

Work in progress represents incomplete workshop work undertaken over a short period of time. It is valued at actual cost for each job using hourly labour rates.

Financial instruments

Debtors and creditors are valued at the amount expected to be received or paid less any future interest charges.

Notes to the Financial Statements - continued
For The Year Ended 31 August 2020

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs

The company operates a non-contributory defined contribution pension scheme for directors and selected employees. The funds are administered by trustees and are independent of the company's finances. Contributions are charged to revenue in the period to which they relate.

3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the company.

An analysis of turnover by class of business is given below:

| | 2020 £ | 2019 £ |
|----------------------------|-------------------|-------------------|
| Trailer hire and sales | 8,986,000 | 8,266,411 |
| Workshop repairs and goods | 5,546,981 | 6,702,429 |
| | <u>14,532,981</u> | <u>14,968,840</u> |

An analysis of turnover by geographical market is given below:

| | 2020 £ | 2019 £ |
|----------------|-------------------|-------------------|
| United Kingdom | 12,050,361 | 12,641,874 |
| Exports | 2,482,620 | 2,326,966 |
| | <u>14,532,981</u> | <u>14,968,840</u> |

Notes to the Financial Statements - continued
For The Year Ended 31 August 2020

3. TURNOVER - continued

Income recognised in the year arose from the following:

| | 2020 | 2019 |
|--------------|-------------------|-------------------|
| £ | £ | |
| Goods | 6,849,662 | 7,743,743 |
| Services | 1,444,008 | 1,835,524 |
| Vehicle hire | 6,239,311 | 5,389,573 |
| Interest | - | 12 |
| Grants | 221,362 | - |
| | <u>14,754,343</u> | <u>14,968,852</u> |

4. EMPLOYEES AND DIRECTORS

| | 2020 | 2019 |
|-----------------------|------------------|------------------|
| £ | £ | |
| Wages and salaries | 2,960,195 | 3,358,550 |
| Social security costs | 301,347 | 413,711 |
| Other pension costs | 94,215 | 55,723 |
| | <u>3,355,757</u> | <u>3,827,984</u> |

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

| | 2020 | 2019 |
|------------------------|-----------|-----------|
| Administration | 3 | 3 |
| Production and service | 54 | 48 |
| | <u>57</u> | <u>51</u> |

| | 2020 | 2019 |
|--|---------------|---------------|
| £ | £ | |
| Directors' remuneration | 899,057 | 1,582,605 |
| Directors' pension contributions to money purchase schemes | <u>29,192</u> | <u>13,742</u> |

The number of directors to whom retirement benefits were accruing was as follows:

| | | |
|------------------------|----------|----------|
| Money purchase schemes | <u>3</u> | <u>3</u> |
|------------------------|----------|----------|

Information regarding the highest paid director is as follows:

| | 2020 | 2019 |
|---|--------------|--------------|
| £ | £ | |
| Emoluments etc | 540,781 | 639,854 |
| Pension contributions to money purchase schemes | <u>5,315</u> | <u>5,019</u> |

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

| | 2020 | 2019 |
|--|-------------|---------------|
| £ | £ | |
| Other operating leases | 24,403 | 7,200 |
| Depreciation - owned assets | 416,689 | 308,408 |
| Depreciation - assets on hire purchase contracts | 2,881,469 | 2,399,073 |
| Profit on disposal of fixed assets | (1,729,154) | (1,421,662) |
| Goodwill amortisation | 108,382 | - |
| Auditors' remuneration | 7,400 | 7,300 |
| Income from trailer operating lease rentals | (6,239,311) | (5,389,573) |
| Exchange (gains)/ losses | <u>643</u> | <u>41,035</u> |

Notes to the Financial Statements - continued
For The Year Ended 31 August 2020

5. OPERATING PROFIT - continued

Goodwill amortisation is included in administrative expenses.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2020 | 2019 |
|------------------------|----------------|----------------|
| | £ | £ |
| Bank interest | - | 5 |
| Bank loan interest | 19,904 | - |
| Hire purchase interest | 368,598 | 320,018 |
| | <u>388,502</u> | <u>320,023</u> |

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

| | 2020 | 2019 |
|--------------------|----------------|----------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 84,091 | - |
| Deferred tax | 163,686 | 127,935 |
| Tax on profit | <u>247,777</u> | <u>127,935</u> |

Reconciliation of total tax charge included in profit and loss

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

| | 2020 | 2019 |
|---|------------------|----------------|
| | £ | £ |
| Profit before tax | <u>1,180,393</u> | <u>630,918</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%) | 224,275 | 119,874 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 2,950 | 1,653 |
| Depreciation of ineligible assets | 24,095 | 8,714 |
| Other | (3,543) | (2,306) |
| Total tax charge | <u>247,777</u> | <u>127,935</u> |

8. INTANGIBLE FIXED ASSETS

| | Goodwill |
|-----------------------|------------------|
| | £ |
| COST | |
| Acquisition | <u>2,167,640</u> |
| At 31 August 2020 | <u>2,167,640</u> |
| AMORTISATION | |
| Amortisation for year | <u>108,382</u> |
| At 31 August 2020 | <u>108,382</u> |
| NET BOOK VALUE | |
| At 31 August 2020 | <u>2,059,258</u> |

Notes to the Financial Statements - continued
For The Year Ended 31 August 2020

9. TANGIBLE FIXED ASSETS

| | Freehold property £ | Trailers & Hire Vehicles £ | Plant and machinery £ | Motor vehicles £ | Totals £ |
|------------------------|---------------------------|-------------------------------------|-----------------------------|------------------------|-------------|
| COST | | | | | |
| At 1 September 2019 | 1,520,794 | 18,220,121 | 884,127 | 831,064 | 21,456,106 |
| Additions | - | 5,656,718 | 10,956 | 165,038 | 5,832,712 |
| Disposals | - | (6,709,804) | - | (115,595) | (6,825,399) |
| Acquisition | - | 6,714,013 | 4,805 | 54,005 | 6,772,823 |
| At 31 August 2020 | 1,520,794 | 23,881,048 | 899,888 | 934,512 | 27,236,242 |
| DEPRECIATION | | | | | |
| At 1 September 2019 | 34,710 | 4,533,984 | 512,201 | 388,501 | 5,469,396 |
| Charge for year | 12,192 | 3,102,048 | 52,506 | 131,412 | 3,298,158 |
| Eliminated on disposal | - | (3,095,007) | - | (61,838) | (3,156,845) |
| Acquisition | - | 2,805,422 | 3,064 | 28,944 | 2,837,430 |
| At 31 August 2020 | 46,902 | 7,346,447 | 567,771 | 487,019 | 8,448,139 |
| NET BOOK VALUE | | | | | |
| At 31 August 2020 | 1,473,892 | 16,534,601 | 332,117 | 447,493 | 18,788,103 |
| At 31 August 2019 | 1,486,084 | 13,686,137 | 371,926 | 442,563 | 15,986,710 |

Included in cost of land and buildings is freehold land of £ 703,732 (2019 - £ 703,732) which is not depreciated.

The trailer fleet and hire vehicles are held primarily for use in operating leases to customers.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

| | Trailers & Hire Vehicles £ | Plant and machinery £ | Motor vehicles £ | Totals £ |
|-------------------------|-------------------------------------|-----------------------------|------------------------|-------------|
| COST | | | | |
| At 1 September 2019 | 16,004,069 | 48,060 | 577,073 | 16,629,202 |
| Additions | 4,068,112 | - | 111,288 | 4,179,400 |
| Disposals | (4,938,739) | - | (60,000) | (4,998,739) |
| Acquisition | 630,698 | - | - | 630,698 |
| Transfer from ownership | 4,481,039 | - | 16,307 | 4,497,346 |
| Transfer to ownership | (69,392) | - | (101,000) | (170,392) |
| At 31 August 2020 | 20,175,787 | 48,060 | 543,668 | 20,767,515 |
| DEPRECIATION | | | | |
| At 1 September 2019 | 3,532,458 | 8,326 | 206,412 | 3,747,196 |
| Charge for year | 2,783,008 | 4,812 | 93,649 | 2,881,469 |
| Eliminated on disposal | (2,103,228) | - | (28,838) | (2,132,066) |
| Acquisition | 70,078 | - | - | 70,078 |
| Transfer from ownership | 1,680,032 | - | - | 1,680,032 |
| Transfer to ownership | (35,279) | - | (63,156) | (98,435) |
| At 31 August 2020 | 5,927,069 | 13,138 | 208,067 | 6,148,274 |
| NET BOOK VALUE | | | | |
| At 31 August 2020 | 14,248,718 | 34,922 | 335,601 | 14,619,241 |
| At 31 August 2019 | 12,471,611 | 39,734 | 370,661 | 12,882,006 |

Notes to the Financial Statements - continued
For The Year Ended 31 August 2020

10. FIXED ASSET INVESTMENTS

| | |
|-----------------------|---|
| | Shares in group undertakings £ |
| COST | |
| Additions | 5,214,085 |
| Reclassification | (2,167,640) |
| At 31 August 2020 | <u>3,046,445</u> |
| NET BOOK VALUE | |
| At 31 August 2020 | <u>3,046,445</u> |

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Tees Valley Trailers Limited

Registered office: Dinsdale House, Riverside Park Road, Middlesbrough, TS2 1UT

Nature of business: Dormant

| | | | |
|--------------------------------|---------|-----------------|----------------|
| | % | | |
| Class of shares: | holding | | |
| Ordinary | 100.00 | | |
| | | 29.2.20 | 30.9.19 |
| | | £ | £ |
| Aggregate capital and reserves | | 3,046,445 | 2,984,762 |
| (Loss)/profit for the period | | <u>(80,616)</u> | <u>366,920</u> |

The entire issued share capital of Tees Valley Trailers Limited was acquired on 27 February 2020 for cash consideration of £5,128,982. The trade and assets of the subsidiary were immediately transferred to this company for net book value of £3,046,445. The assets and liabilities recognised were as follows:

| | |
|-----------------------|-----------|
| | £ |
| Tangible fixed assets | 3,936,630 |
| Stock | 189,270 |
| Debtors | 482,191 |
| Cash | 110,649 |
| Creditors | 1,333,495 |
| Provisions | 338,800 |
| Goodwill | 2,167,640 |

11. STOCKS

| | | |
|---------------------------|------------------|------------------|
| | 2020 | 2019 |
| | £ | £ |
| Workshop work in progress | 44,616 | 27,956 |
| Vehicle parts | 990,807 | 998,700 |
| | <u>1,035,423</u> | <u>1,026,656</u> |

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|--------------------------------|------------------|------------------|
| | 2020 | 2019 |
| | £ | £ |
| Trade debtors | 2,571,550 | 2,398,866 |
| Other debtors | 163,978 | 56,755 |
| Prepayments and accrued income | 85,054 | 88,469 |
| | <u>2,820,582</u> | <u>2,544,090</u> |

Notes to the Financial Statements - continued
For The Year Ended 31 August 2020

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 | 2019 |
|---|-------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts (see note 15) | 36,299 | - |
| Hire purchase contracts (see note 16) | 3,846,723 | 3,125,099 |
| Trade creditors | 1,267,517 | 1,110,888 |
| Amounts owed to group undertakings | 3,046,446 | - |
| Taxation | 67,978 | - |
| Social security and other taxes | 952,491 | 582,771 |
| Other creditors | 66,224 | 44,572 |
| Accruals and deferred income | 1,584,962 | 1,081,969 |
| | <u>10,868,640</u> | <u>5,945,299</u> |

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2020 | 2019 |
|---------------------------------------|-------------------|------------------|
| | £ | £ |
| Bank loans (see note 15) | 1,233,066 | - |
| Hire purchase contracts (see note 16) | 9,798,151 | 7,812,681 |
| | <u>11,031,217</u> | <u>7,812,681</u> |

15. LOANS

An analysis of the maturity of loans is given below:

| | 2020 | 2019 |
|---|------------------|----------|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank loans | <u>36,299</u> | <u>-</u> |
| Amounts falling due between one and two years: | | |
| Bank loans | <u>72,922</u> | <u>-</u> |
| Amounts falling due between two and five years: | | |
| Bank loans | <u>1,160,144</u> | <u>-</u> |

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

| | Hire purchase contracts | |
|----------------------------|----------------------------------|-------------------|
| | 2020 | 2019 |
| | £ | £ |
| Net obligations repayable: | | |
| Within one year | 3,846,723 | 3,125,099 |
| Between one and five years | 9,798,151 | 7,812,681 |
| | <u>13,644,874</u> | <u>10,937,780</u> |
| | | |
| | Non-cancellable operating leases | |
| | 2020 | 2019 |
| | £ | £ |
| Within one year | 35,500 | 7,200 |
| Between one and five years | 90,950 | 7,200 |
| | <u>126,450</u> | <u>14,400</u> |

Notes to the Financial Statements - continued
For The Year Ended 31 August 2020

17. SECURED DEBTS

The following secured debts are included within creditors:

| | 2020 £ | 2019 £ |
|-------------------------|-------------------|-------------------|
| Bank loans | 1,269,365 | - |
| Hire purchase contracts | 13,644,874 | 10,937,780 |
| | <u>14,914,239</u> | <u>10,937,780</u> |

Some hire purchase agreements are secured by a mortgage debenture giving a fixed and floating charge over the assets of the company, and by rights arising from certain sub-hire agreements. All hire purchase agreements are secured by a charge over the related asset.

The bank loan is secured by a legal mortgage over the company's freehold land & buildings and by a debenture over all assets of the company and its subsidiary undertaking.

18. PROVISIONS FOR LIABILITIES

| | 2020 £ | 2019 £ |
|--------------------------------|------------------|----------------|
| Deferred tax | | |
| Accelerated Capital Allowances | 1,584,757 | 1,082,495 |
| Short Term Timing Differences | (127,303) | 2,666 |
| Losses Carried Forward | - | (88,087) |
| | <u>1,457,454</u> | <u>997,074</u> |

| | Deferred tax £ |
|-----------------------------|----------------------|
| Balance at 1 September 2019 | 997,074 |
| Charge for year | 121,580 |
| Acquisition | 338,800 |
| Balance at 31 August 2020 | <u>1,457,454</u> |

Deferred tax has been provided at 19%. Subject to further capital expenditure, approximately £315,000 (2019: £215,000) of the above is expected to reverse within one year.

19. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: | | Nominal value: | 2020 £ | 2019 £ |
|----------------------------------|----------|-------------------|-----------|-----------|
| Number: | Class: | | | |
| 30 | Ordinary | £1 | 30 | 61 |
| (2019 - 61) | | | | |

Notes to the Financial Statements - continued
For The Year Ended 31 August 2020

20. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 August 2020 and 31 August 2019:

| | 2020 £ | 2019 £ |
|--------------------------------------|----------------|---------------|
| J W Hudson | | |
| Balance outstanding at start of year | 50,145 | 328,120 |
| Amounts advanced | 186,991 | 50,145 |
| Amounts repaid | (4,020) | (328,120) |
| Amounts written off | - | - |
| Amounts waived | - | - |
| Balance outstanding at end of year | <u>233,116</u> | <u>50,145</u> |
| D A Cawley | | |
| Balance outstanding at start of year | - | - |
| Amounts advanced | 1,813 | - |
| Amounts repaid | (1,170) | - |
| Amounts written off | - | - |
| Amounts waived | - | - |
| Balance outstanding at end of year | <u>643</u> | <u>-</u> |

The loans will be repaid by 31 May 2021.

21. RELATED PARTY DISCLOSURES

(i) Transactions with Related Parties

The company has entered into material transactions with related parties in the year:

| | Amount due from | | Amount due to | | Sales | | Purchases | |
|-----------------------|-----------------|-------|---------------|------|---------|---------|-----------|---------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Other related parties | 6,000 | 7,210 | 10,531 | - | 661,001 | 674,216 | 837,915 | 526,642 |
| Directors | - | - | - | - | - | 6,353 | - | - |

(ii) Key Management Personnel Remuneration

There are no key management personnel except the directors, whose remuneration is disclosed in the operating profit note.

22. COVID-19

Because of Key worker status the impact of the first national lockdown and local restrictions nationally has not impacted on the sectors of the haulage and transport industry that the company serves, although the initial UK lockdown did interrupt trade for a short time. The company has implemented safety measures to ensure the safety of staff, customers and suppliers.

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