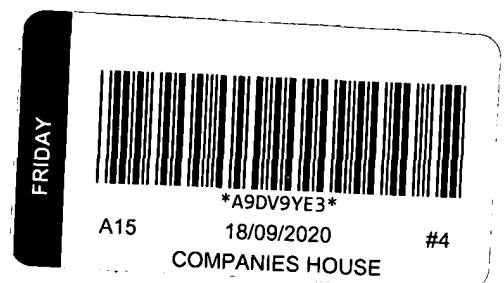


Company number: 3080279

Dawsongroup Truck and Trailer Limited

Annual Report and Accounts

Year ended 31 December 2019



Directors and advisers**Directors**

Peter M Dawson, B Eng, FIMI
Stephen J Miller
Anthony Coleman, FCA
Adrian J P O'Reilly, ACMA
John Fletcher
Peter Snowden
Peter S Smith (resigned 15 March 2019)
Stephen D Callahan

Secretary and registered office

Lucinda Kent, FCA
Delaware Drive, Tongwell, Milton Keynes, MK15 8JH

Auditor

Mazars LLP
The Pinnacle, 160 Midsummer Boulevard, Milton Keynes, MK9 1FF

Bankers

Barclays Bank PLC
Ashton House, 497 Silbury Boulevard, Central Milton Keynes, MK9 2LD

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**Strategic report
for the year ended 31 December 2019**

The directors present their strategic report for Dawsongroup Truck and Trailer Limited for the year ended 31 December 2019.

For further information on key performance indicators and risks and uncertainties please refer to the Dawsongroup plc financial statements (note 18).

Activities and Business review

The principal activity of the company is the rental and contract hire of commercial vehicles and trailers.

The company was awarded “Rental, Leasing and Contract Hire Provider of the Year” at the 2019 Commercial Motor Awards, reflecting the market leading position of the business.

Revenues rose by 12%, although margins remained under severe pressure due to market oversupply and higher maintenance costs of older vehicles. Some significant contracts were still secured however, increasing the percentage of long-term revenue gained.

There was continued investment in fleet, infrastructure and people – resulting in 98% of the fleet meeting the current Euro 6 standard – and the roll out of customer focused IT applications has been successful.

A new head of remarketing has been appointed and used truck and trailer sales have had a strong performance, with some innovative finance packages being created to add appeal.

Quality of product, service and backup are the key focus of the business with engineering and compliance a key factor – so an achievement of 96% MOT first time pass rate sets a market leading standard.

Risks and uncertainties

The group operates a central finance and treasury function which is responsible for arranging and managing all of the group's financial instruments, comprising borrowings, cash and liquid resources and interest-rate swaps, in the most appropriate manner, at the lowest cost and within the risk management policies agreed upon by the board.

The company minimises credit risk by selecting blue chip companies or by taking deposits where appropriate.

Brexit

The company has carried out a detailed study of the risks attached to the UK exiting the European Union. It has also made preparations to allow for a disruption of supply of new equipment in the event of a disorderly exit. In view of the current uncertainty regarding the terms of any exit, it is not possible to evaluate the effects that the introduction of, for example, new tariffs, may bring but the group considers that any adverse effect of leaving the European Union is more likely to come from a general economic downturn than a specific issue within the group. The directors consider that the group is as well prepared for exiting the European Union as it can be.

**Strategic report (continued)
for the year ended 31 December 2019****COVID-19**

A COVID-19 response team was formed early March 2020 to establish business continuity and disaster recovery policies and to monitor all regulations and guidelines from the relevant government authorities and advise the business accordingly. The impact on the business was initially negative with unprecedented returns, stand downs, requests for payment breaks and cancelled direct debits. The situation has improved since the easing of lockdown. The biggest risk to the company is lockdown being reintroduced for a prolonged period causing cash flow issues to our customers resulting in administrations and liquidations. The company has a strong balance sheet and the directors are confident that it has adequate resources to weather the storm and to respond to opportunities in the future that may arise as and when the crisis is over.

S172 (1) Statement

The directors of Dawsongroup Truck and Trailer Limited consider, individually and collectively, that they have acted in a way they consider would be most likely to promote the success of the company for the benefit of its members as a whole having regard to the stakeholders and matters set out in S172 of the Companies Act 2006 namely:-

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly between members of the company.

The following summarises how the directors fulfil their duties:-

Risk Management

It is vital that we effectively identify, evaluate, manage and mitigate the risks we face as a business. For details of the risks and uncertainties and how they are dealt with see the strategic report page 2.

Our people

Our employees are fundamental to the long-term success of the business. We aim to be a responsible employer with regard to pay and benefits that our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we conduct business. Established communication and consultation procedures exist which aim to ensure that employees are informed about and involved in matters which are of interest and concern to them. For more details see the directors' report page 5.

Business relationships

We strive to develop and maintain strong long-term relationships with our suppliers, customers and asset finance providers all of whom are key to our business. We achieve this without a dependency on any single supplier of product or finance or any individual customer.

Community and environment

As stated on page 2 earlier in the strategic report, exceeding environmental compliance is a key feature of business strategy, with our fleet now almost exclusively to Euro 6 standard. The company also has a number of electric, hybrid and gas-powered vehicles which places us in a good position to provide vehicles to customers operating in the increasing number of low emission zones being applied in UK cities.

**Strategic report (continued)
for the year ended 31 December 2019**

Maintaining a reputation for high standards of business conduct

Our intention is to behave responsibly and ensure management operates the business in a responsible manner. Our aim is to provide our customers with premium, well maintained products which together with our high level of customer care promote our reputation for maintaining high standards.

Members of the company

The shareholders of the company are closely involved in any major decisions made by the directors relating to the current running and the future of the company.


Approval

This report was approved by the board on 9 September 2020 and signed on its behalf by:

Anthony Coleman
Director



Stephen J Miller
Director



**Report of the directors
for the year ended 31 December 2019**

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

Results and dividends

Turnover amounted to £113,330,000 (2018: £101,124,000) and profit before tax was £4,012,000 (2018: £12,121,000). No dividends have been paid during the year (2018: £nil).

Directors

The current directors of the company, who served throughout the year and to the date of signing this report (unless otherwise stated), are set out on page 1.

Directors' indemnity

Appropriate directors' and officers' indemnity insurance cover is in place in respect of all the company's directors.

Employment policies

The company continues to encourage the participation of its employees in the business in which they work. Established communication and consultation procedures exist which aim to ensure that employees are informed about, and involved in, matters which are of interest and concern to them.

The company is an equal opportunities employer and its policies for the recruitment, training, career development and promotion of employees are based on the relevant merits and abilities of the individuals concerned. The policies also allow disabled persons to compete on an equal basis. Any existing employee who becomes disabled is given the training required to ensure that, wherever possible, continuity of employment can be maintained.

The company promotes all aspects of health and safety throughout the group in the interests of its employees.

Future developments

The directors do not expect any material differences going forward, apart from what has been disclosed in the Covid-19 statement in the strategic report on page 3.

Going concern

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

For further information regarding the directors' assessment of the going concern status of the company, refer to the accounting policies on page 14 of the financial statements.

**Report of the directors (continued)
for the year ended 31 December 2019****Disclosure in the strategic report**

As permitted by paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 2-4. These matters relate to activities and business review and risks and uncertainties.

Statement of directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* 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 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; and
- 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 auditor

So far as each person who is a director is aware, there is no relevant audit information of which the company's auditor is unaware. Each director has taken all steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to s487(2) of the Companies Act 2006 the auditor, Mazars LLP, will be deemed to have been re-appointed.

**Report of the directors (continued)
for the year ended 31 December 2019****Events after the reporting period**

The Covid-19 pandemic has had an effect on the company's trading since the year end. This is regarded as a non-adjusting event and no provision has been made in these financial statements. The full financial effect cannot be estimated at this time. The group has a strategy and procedures in place to access further working capital facilities should these be required. (More information on the impact of Covid-19 on the company can be found in the strategic report on page 3).

By order of the board on 9 September 2020.



Lucinda Kent, FCA
Secretary

Independent auditor's report to the members of Dawsongroup Truck and Trailer Limited

Opinion

We have audited the financial statements of Dawsongroup Truck and Trailer Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of COVID-19 as disclosed on page 3, and the consideration in the going concern basis of preparation on page 14 and non-adjusting post balance sheet events on page 29.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

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 strategic report and the directors' report, other than the financial statements and our auditor's 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.

Independent auditor's report to the members of Dawsongroup Truck and Trailer Limited

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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 set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Independent auditor's report to the members of Dawsongroup Truck and Trailer Limited

Use of the audit report

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



Stephen Brown (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Mazars LLP
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF
Date: 10 September 2020

**Statement of comprehensive income
for the year ended 31 December 2019**

	Notes	2019 £'000	2018 £'000
Turnover	1	113,330	101,124
Cost of sales		<u>82,169</u>	<u>72,382</u>
Gross profit		31,161	28,742
Other operating income		492	496
Administrative expenses		<u>15,370</u>	<u>13,832</u>
Operating profit	2	16,283	15,406
Gains on fair value of investment property		<u>-</u>	<u>-</u>
Profit on ordinary activities before interest, fair value of derivative instruments and taxation		16,283	15,406
Interest receivable and similar income	3	72	70
Interest payable and similar charges	4	<u>8,611</u>	<u>8,312</u>
Profit on ordinary activities before fair value of derivative instruments and taxation		7,744	7,164
(Losses) / Gains on fair value of derivative instruments		<u>(3,732)</u>	<u>4,957</u>
Profit on ordinary activities before tax		4,012	12,121
Tax	6	<u>874</u>	<u>2,216</u>
Profit for the year attributable to owners		<u>3,138</u>	<u>9,905</u>
Total comprehensive income attributable to owners		<u>3,138</u>	<u>9,905</u>

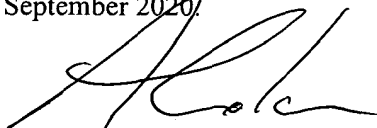
The notes on pages 14 to 29 are an integral part of these financial statements.

Statement of financial position as at 31 December 2019

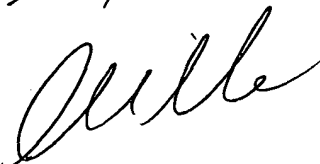
	Notes	£'000	2019 £'000	£'000	2018 £'000
Fixed assets					
Tangible assets	7		318,529		288,449
Investment property	8		<u>17,812</u>		<u>17,812</u>
			336,341		306,261
Current assets					
Inventory	9	45		59	
Debtors	10	22,404		30,046	
Cash at bank and in hand		6,403		2	
			<u>28,852</u>	<u>30,107</u>	
Creditors due within one year					
Borrowings	11	82,694		71,060	
Creditors	12	95,694		89,147	
			<u>178,388</u>	<u>160,207</u>	
Net current liabilities			149,536		130,100
Total assets less current liabilities			<u>186,805</u>		<u>176,161</u>
Creditors due after one year					
Borrowings	11	<u>111,407</u>		<u>103,039</u>	
			<u>111,407</u>		<u>103,039</u>
			75,398		73,122
Provisions for liabilities and charges	14		2,375		3,237
Net assets			<u>73,023</u>		<u>69,885</u>
Capital and reserves					
Called up share capital	15		29,500		29,500
Revaluation reserve			2,143		2,143
Profit and loss account			41,380		38,242
Equity shareholders' funds			<u>73,023</u>		<u>69,885</u>

The financial statements on pages 11 to 29 were approved and authorised for issue by the board of directors on 9 September 2020.

A Coleman
Director



S J Miller
Director



The notes on pages 14 to 29 are an integral part of these financial statements.

**Statement of changes in equity
for the year ended 31 December 2019**

	Called up share capital	Revaluation reserve	Profit and loss account	Equity shareholders' funds
	£'000	£'000	£'000	£'000
At 1 January 2018	29,500	2,143	28,337	59,980
Profit for the financial year	-	-	9,905	9,905
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	9,905	9,905
Dividends paid	-	-	-	-
At 31 December 2018	29,500	2,143	38,242	69,885
Profit for the financial year	-	-	3,138	3,138
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	3,138	3,138
Dividends paid	-	-	-	-
At 31 December 2019	29,500	2,143	41,380	73,023

Reserves

Profit and loss account

The profit and loss account reserve represents cumulative profits and losses of the company.

Revaluation reserve

This reserve represents the cumulative revaluation gains and losses on revaluation of land and buildings held as tangible fixed assets.

The notes on pages 14 to 29 are an integral part of these financial statements.

**Notes to the financial statements
for the year ended 31 December 2019****Accounting policies****General information**

Dawsongroup Truck and Trailer Limited ("the company") is a private limited company incorporated in England and Wales. The address of its registered office and principal place of business is Delaware Drive, Tongwell, Milton Keynes, MK15 8JH. The principal activity of the company is the rental and contract hire of commercial vehicles and trailers.

These financial statements have been presented in Pounds Sterling as this is the company's functional currency, being the primary economic environment in which the company operates. The level of rounding used throughout the financial statements is to the nearest thousand.

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* ("FRS 102") and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and derivative financial instruments.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including the notification of and no objection to, the use of exemptions by the company's shareholders. In preparing the financial statements, the company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 *Related Party Disclosures*;
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 *Statement of Financial Position*; and
- from presenting a statement of cash flows, as required by Section 7 *Statement of Cash Flows*.

On the basis that equivalent disclosures are given in the consolidated financial statements the company has also taken advantage of the exemption not to provide:

- certain disclosure requirements of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instrument Issues*.

Details of where the consolidated financial statements, in which the company is included, can be obtained as set out in note 18.

Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The directors have reviewed forecasts for a period of not less than 12 months from the date of the audit opinion and are confident that the company will be able to pay its liabilities as they fall due. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

**Notes to the financial statements (continued)
for the year ended 31 December 2019****Accounting policies****Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts for the provision of services and the sale of goods in the normal course of business, net of discounts and other sales-related taxes.

Rental income from operating leases and contract hire activities is recognised on a straight-line basis over the term of the relevant lease.

Income from the sale of vehicles and equipment is recognised when the company has transferred the significant risks and rewards of ownership to the buyer, which is usually the date that delivery of the vehicles and equipment is taken.

Taxation

The tax expense for the year comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of assets

At each reporting date, the company reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent year if, and only if, the reasons for the impairment loss have ceased to apply.

**Notes to the financial statements (continued)
for the year ended 31 December 2019**

Accounting policies

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write down the cost or valuation of fixed assets by equal instalments to their estimated residual values up to the period of their estimated useful lives with the company in accordance with the table below:

	Useful life with the company	Residual value
Hire fleet:		
Commercial vehicles	5 years	20% - 25%
Car transporters and drawbar trailers	9 years	10%
Trailers	10 – 15 years	2.5% – 15%
Other:		
Plant and equipment	5 – 10 years	Nil
Portable office buildings	7 – 12.5 years	15%
Computer hardware	4 years	Nil
Cars	5 years	15%

Limestone reserves are depreciated based on the annual extraction amount each year.

Land is not depreciated.

Tangible assets are tested for impairment where an indication of impairment exists at the reporting date.

Investment property

The group classifies land and buildings, whether in whole or part, as investment property when it is held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost, which comprises the purchase price and any directly attributable expenditure, and are subsequently remeasured to fair value at each reporting date with changes in fair value recognised in profit or loss.

Inventory

Inventory is stated at the lower of cost, using the first in first out method, and selling price less costs to complete and sell.

Financial instruments

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. The company holds basic financial instruments, which comprise cash at bank and in hand, trade and other debtors, borrowings, trade and other creditors and derivative financial instruments. The company has chosen to apply the measurement and recognition provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instruments*.

Financial assets – classified as basic financial instruments

Cash and Cash equivalents

Cash and cash equivalents include cash at bank and in hand and other short-term highly liquid investments with original maturities of three months or less which are classified as current asset investments.

Trade and other debtors

Trade and other debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the amount expected to be receivable, net of any impairment.

**Notes to the financial statements (continued)
for the year ended 31 December 2019****Accounting policies*****Financial liabilities – classified as basic financial instruments******Trade and other creditors and borrowings***

Short term trade and other creditors and borrowings are measured at the transaction price. Other financial liabilities which constitute financing transactions are initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

Derivative financial instruments – classified as other financial instruments

Derivative financial instruments comprise interest rate swaps and are initially recognised at fair value at the date the derivative contract is entered into, and are subsequently measured at fair value at each reporting date. The resulting gain or loss is recognised in profit or loss.

Employee benefits***Retirement benefits***

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in funds administered by insurance companies. Contributions to the defined contribution pension scheme are charged to the profit or loss in the year to which the contributions relate.

Long-term incentive schemes

The company operates a long-term incentive scheme for certain employees. Liabilities for the scheme are recognised when the company has an obligation to make payments as a result of a past event, and are measured at the present value of the obligation at the end of each reporting date. The scheme is an unfunded scheme.

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases***The company as a lessee***

Fixed assets obtained under finance leases are treated in the same way as hire purchase contracts, that is as though they were purchased outright and depreciated accordingly. The outstanding capital element of such leases is included within borrowings in the statement of financial position. The interest element of leasing payments is charged to the statement of comprehensive income over the period of the finance lease in accordance with the "sum of digits" method. Interest costs on fixed rate hire purchase contracts are also accounted for by this method.

Operating leases***The company as a lessor***

Amounts due from lessees under operating leases are credited to income on a straight-line basis over the term of the relevant lease.

The company as a lessee

Rentals payable under operating leases are charged to profit and loss on a straight-line basis over the term of the relevant lease. Any benefits receivable as an incentive to enter into an operating lease are spread on a straight-line basis over the lease term.

**Notes to the financial statements (continued)
for the year ended 31 December 2019****Accounting policies****Asset purchase rebates**

Rebates and bonuses from manufacturers and distributors are credited to the statement of comprehensive income over a three to five year period from the date of installation of the relevant assets to coincide with their expected life within the company.

Foreign currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur, except for monetary assets and liabilities which are translated at the rate ruling at the date of the statement of financial position. Differences arising on translation of such items are dealt with in profit and loss.

Critical accounting judgements and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

The critical judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

(ii) Classifying lease arrangements

The directors classify lease arrangements as finance leases where substantially all of the risks and rewards incidental to ownership pass to the lessee. In making this judgement the directors have considered the substance of the arrangement, taking into account various factors including; legal ownership, options to purchase the asset, the term of the lease, the useful economic life of the asset and the present value of the minimum lease payments. Arrangements which are not classified as a finance lease are classified as an operating lease.

**Notes to the financial statements (continued)
for the year ended 31 December 2019****Accounting policies****Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Residual values and useful economic lives of tangible assets

The company depreciates tangible assets over their estimated useful lives. In determining appropriate useful lives of assets, the directors have considered historic performance as well as future expectations for factors such as the expected usage of the asset, physical wear and tear, technical and commercial obsolescence and legal limitations on the usage of the asset such as lease terms. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied to determine the residual values for tangible assets. When determining the residual values, the directors have assessed the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life.

At each reporting date, the directors also assess whether there have been any indicators, such as a change in how the asset is used, significant unexpected wear and tear and changes in market prices, which suggest previous estimates may differ from current expectations. Where this is the case, the residual value and/or useful life is amended and accounted for on a prospective basis.

(ii) Recoverability of debtors

A provision for debtors is established where it is estimated that the debtors are not considered to be fully recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

(iii) Employee benefits – long-term incentive schemes

The company operates a long-term incentive scheme in respect of directors and certain senior employees. The company's obligation under this scheme at the reporting date is calculated using a number of assumptions including expected retention rates, achievement of annually set targets and estimated salary increases. The directors have estimated these assumptions based on historical experience and future expectations of market conditions.

(iv) Establishing fair value of investment properties

When the fair value of investment properties cannot be measured based on the price of a recent transaction for an identical asset or liability, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as market rent, vacancy rate, yield requirement and inflation. Changes in assumptions about these factors could affect the reported fair value of investment properties.

(v) Establishing fair value of financial instruments

When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets or on the price of a recent transaction for an identical asset or liability, their fair values are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Notes to the financial statements (continued)
for the year ended 31 December 2019

1 Turnover

The turnover is attributable to the principal activity of rental and contract hire of commercial vehicles and trailers.

The company operates in the UK and substantially the whole of its turnover is to the UK market.

Analysis by category

An analysis of turnover by category is as follows:

	2019 £'000	2018 £'000
Operating lease rental income	113,221	100,571
Sale of vehicles and equipment	109	553
	<u>113,330</u>	<u>101,124</u>

2 Operating profit

	2019 £'000	2018 £'000
This is stated after charging:		
Depreciation – owned assets	58,792	51,683
Impairment provision	-	-
Auditors' remuneration – audit services	25	24
Repairs and maintenance	19,471	16,125
Assets hired in	379	390
Operating lease – rental of property	<u>1,113</u>	<u>1,038</u>
and after crediting:		
Profit on disposal of fixed assets	2,150	1,737
Property rental	229	217
Licence fee income from mineral resources	263	279
Manufacturers' rebates	43	32
Exchange gain	<u>-</u>	<u>7</u>

3 Interest receivable and similar income

	2019 £'000	2018 £'000
Other interest receivable	51	50
Group interest receivable	21	20
	<u>72</u>	<u>70</u>

4 Interest payable and similar charges

	2019 £'000	2018 £'000
On borrowings wholly repayable within five years:		
Asset finance arrangements	4,181	3,654
Group swap arrangements	4,155	4,400
Group interest payable	275	258
	<u>8,611</u>	<u>8,312</u>

All borrowings are repayable after five years and all asset finance arrangements are repayable by instalments.

Notes to the financial statements (continued)
for the year ended 31 December 2019

5 Directors and employees

Employees

Average number of employees, including directors, during the year:

	2019	2018
	Number	Number
Management	9	12
Sales and administration	166	152
Fitters and others	60	56
	<u>235</u>	<u>220</u>

The payroll costs of these employees amounted to:

	2019	2018
	£'000	£'000
Wages and salaries	7,739	7,167
Social security costs	782	726
Pension contributions	678	513
	<u>9,199</u>	<u>8,406</u>

Pension scheme

The Dawsonsgroup of companies operates a defined contribution pension scheme, the assets of which are held separately from those of the group in funds administered by insurance companies. The pension contributions above represent amounts paid by the company to the fund.

No contributions have been prepaid at the year-end (2018: £nil).

Directors' emoluments

	2019	2018
	£'000	£'000
Executive remuneration and benefits	783	714
Pension contributions	130	65
	<u>913</u>	<u>779</u>

	2019	2018
	£'000	£'000
Highest paid director		
- Remuneration and benefits	366	172
- Pension contributions	19	8
	<u>385</u>	<u>180</u>

The emoluments of those directors who are also directors of the parent company are disclosed in the financial statements of Dawsonsgroup plc. Two of the directors of Dawsonsgroup Truck and Trailer Limited included in the emoluments above are paid by Dawsonsgroup plc for their services in respect of this and other group entities. As it is not practicable to allocate this amongst the subsidiaries, their total emoluments have been included in this entity.

The number of directors to whom benefits were accrued under money purchase pension schemes was 4 (2018: 6).

Notes to the financial statements (continued)
for the year ended 31 December 2019

5 Directors and employees (continued)

The company operates long term incentive schemes in respect of its directors and certain senior employees. In accordance with the accounting policy set out on page 17, provision has been made in the accounts in respect of the directors as per the following table:

	2019 £'000	2018 £'000
Provision as at 1 January	369	245
Charged to profit and loss	73	124
Utilised in year	(203)	-
Provision as at 31 December	<u>239</u>	<u>369</u>

6 Tax

	£'000	2019 £'000	£'000	2018 £'000
Tax charge for the year comprises:				
Corporation tax	1,586		1,346	
Adjustments in respect of prior periods	<u>3</u>		<u>(59)</u>	
Total current tax		1,589		1,287
Deferred tax				
Origination and reversal of timing differences	(713)		877	
Adjustment in respect of prior periods	<u>(2)</u>		<u>52</u>	
Total deferred tax (see note 14)		<u>(715)</u>		<u>929</u>
		<u>874</u>		<u>2,216</u>

The UK standard rate of corporation tax for the year is 19% (2018: 19%). The actual charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	<u>4,012</u>	<u>12,121</u>
Tax on profit on ordinary activities at standard rate	762	2,303
Factors affecting charge for the period		
Difference in tax rates	84	(104)
Expenses not deductible for tax purposes	27	24
Adjustments in respect of prior periods	1	(7)
Total tax	<u>874</u>	<u>2,216</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted in September 2016 and has therefore been considered when calculating deferred tax at the reporting date. Deferred tax balances at the reporting date are measured at 17% (2018: 17%). Since the year end, on 17 March 2020, it was substantively enacted that the rate of corporation tax would remain at 19%. This has not been reflected in these accounts. If a rate of 19% had been used, the provision for deferred tax at 31 December 2019 would have been £1,924,000.

Deferred tax expected to reverse in 2020 is £nil.

Notes to the financial statements (continued)
for the year ended 31 December 2019

7 Tangible fixed assets

Cost	Land £'000	Hire fleet £'000	Other vehicles, plant and equipment £'000	Total £'000
As at 1 January 2019	1,876	448,301	2,943	453,120
Reclassification	-	(251)	251	-
Additions	165	103,086	774	104,025
Disposals	-	(47,796)	(413)	(48,209)
Transfers from group undertakings	-	-	-	-
Transfers to group undertakings	-	-	-	-
As at 31 December 2019	<u>2,041</u>	<u>503,340</u>	<u>3,555</u>	<u>508,936</u>
Depreciation				
As at 1 January 2019	381	162,330	1,960	164,671
Reclassification	-	(92)	92	-
Charge for the year	57	58,392	343	58,792
Impairment provision	-	-	-	-
Disposals	-	(32,695)	(361)	(33,056)
Transfers from group undertakings	-	-	-	-
Transfers to group undertakings	-	-	-	-
As at 31 December 2019	<u>438</u>	<u>187,935</u>	<u>2,034</u>	<u>190,407</u>
Net book value				
As at 31 December 2019	<u>1,603</u>	<u>315,405</u>	<u>1,521</u>	<u>318,529</u>
As at 31 December 2018	<u>1,495</u>	<u>285,971</u>	<u>983</u>	<u>288,449</u>

Included within land is an amount of £1,475,000 which relates to limestone reserves on which depreciation of £57,000 has been charged during the year. (Cumulative depreciation to date is £438,000). The directors do not consider that this requires accounting for as a separate component.

8 Investment property

	£'000
Fair value as at 1 January 2019	17,812
Additions	-
Revaluation	-
Fair value as at 31 December 2019	<u>17,812</u>

The historical cost of investment properties held at fair value is as follows:

	£'000
As at 1 January 2019	13,938
Additions	-
As at 31 December 2019	<u>13,938</u>

Notes to the financial statements (continued)
for the year ended 31 December 2019

8 Investment property (continued)

The fair values of the investment properties were determined as at 31 December 2016 by an independent external valuer, holding a professional qualification with the Royal Institute of Chartered Surveyors and having experience in the locations and classes of the investment properties valued.

Investment properties were valued using assumptions made by the valuer, namely with regard to market evidence as indicated by sales of comparable properties and the valuers' knowledge and experience of the property market.

The directors are not aware of any material change in value since this valuation and therefore the fair values of the investment properties have remained unchanged.

There are no restrictions on the realisability of investment property or the remittance of any income or proceeds on disposal. The company does not have any contractual obligations to purchase, construct or develop investment property for repairs, maintenance or enhancements.

9 Inventory

	2019	2018
	£'000	£'000
Fuel and other	45	59
	<u>45</u>	<u>59</u>

10 Debtors

	2019	2018
	£'000	£'000
Due within one year:		
Trade debtors	11,915	14,589
Other debtors	3,793	1,064
Prepayments	2,034	2,335
Amounts owed by group undertakings	598	44
Loans to group undertakings	2,464	10,414
	<u>20,804</u>	<u>28,446</u>
Due after one year:		
	2019	2018
	£'000	£'000
Other debtors	1,600	1,600
	<u>1,600</u>	<u>1,600</u>
Total debtors	<u>22,404</u>	<u>30,046</u>

Amounts owed by group undertakings are repayable on demand and are unsecured.

Loans to group undertakings are unsecured, repayable on demand and receive interest paid at 0.25% below base rate.

Notes to the financial statements (continued)
for the year ended 31 December 2019

11 Borrowings

Financial liabilities

	2019	2018
	£'000	£'000
Due within one year:		
Bank loans and overdrafts	-	1,912
Asset finance arrangements	82,694	69,148
	<u>82,694</u>	<u>71,060</u>

Due after one year:

Borrowings due after more than one year relate to asset finance arrangements which are repayable by instalments as follows:

	2019	2018
	£'000	£'000
Between one and two years	51,888	46,203
Between two and five years	55,797	51,679
After more than five years	3,722	5,157
	<u>111,407</u>	<u>103,039</u>
Gross financial liabilities	<u>194,101</u>	<u>174,099</u>

Asset finance arrangements comprise hire purchase, finance lease and other similar funding effectively secured on the specific underlying assets. The interest charged on the finance during the year equated to 2.3% (2018: 2.2%).

12 Creditors

	2019	2018
	£'000	£'000
Due within one year:		
Trade creditors	18,884	12,450
Tax payable	1,586	1,346
Other tax and social security	174	580
Accruals and other creditors	7,304	6,089
Loans from group undertakings	18,812	21,731
Amounts owed to group undertakings	2,395	4,144
Derivative financial instruments	46,539	42,807
	<u>95,694</u>	<u>89,147</u>

Loans from group undertakings are unsecured, repayable on demand and incur interest charged at 1% over base rate.

Amounts owed to group undertakings are repayable on demand and unsecured.

Notes to the financial statements (continued)
for the year ended 31 December 2019

13 Derivative financial instruments

The company's exposure to variable rate borrowings is hedged by the use of interest rate swaps under which the company pays interest at the following average fixed rates and receives interest at the prevailing relevant 3 and 6 month LIBOR rates.

	2019		2018	
	Total £'000	Average rate %	Total £'000	Average rate %
Period to expiry:				
Within one year	120,000	4.30	120,000	4.30
	<u>120,000</u>	<u>4.30</u>	<u>120,000</u>	<u>4.30</u>

The fair value of the interest rate swaps are as follows:

	2019 Fair value - financial liability £'000	2018 Fair value - financial liability £'000
Interest rate swaps	46,539	42,807
	<u>46,539</u>	<u>42,807</u>

The fair value of the interest rate swaps has been estimated using valuation techniques that use market and non-market inputs to estimate the expected discounted cash flows as determined by the issuer of the derivative contract.

14 Provisions for liabilities and charges

Amounts provided have been calculated at future expected rates of corporation tax.

	2019 £'000	2018 £'000
Deferred tax	1,742	2,457
Other provisions	633	780
	<u>2,375</u>	<u>3,237</u>
Deferred tax		
Provided in the accounts:		
Accelerated capital allowances	9,778	9,763
Other timing differences	(320)	(224)
Derivative instruments held at fair value	(7,911)	(7,277)
Revaluation of investment property	195	195
Provision for deferred tax	<u>1,742</u>	<u>2,457</u>
Deferred tax asset	(8,231)	(7,501)
Deferred tax liability	9,973	9,958
Net deferred tax liability	<u>1,742</u>	<u>2,457</u>

Notes to the financial statements (continued)
for the year ended 31 December 2019

14 Provisions for liabilities and charges (continued)

	2019 £'000	2018 £'000
Other provisions:		
Long-term incentive schemes	595	745
Miscellaneous	38	35
	<u>633</u>	<u>780</u>

Amounts provided have been calculated at future expected rates of corporation tax. Deferred tax balances at the reporting date are measured at 17% (2018: 17%).

	Deferred tax £'000	Long-term incentive schemes £'000	Miscell- aneous £'000	Total £'000
Movement in the year				
As at 1 January 2019	2,457	745	35	3,237
(Credited) / charged to profit and loss	(715)	(150)	10	(855)
Utilised in year	-	-	(7)	(7)
As at 31 December 2019	<u>1,742</u>	<u>595</u>	<u>38</u>	<u>2,375</u>

Miscellaneous provisions principally relate to future contractual liabilities.

The net deferred tax liability expected to reverse in 2020 is £nil.

15 Called up share capital

	2019 Number	2018 Number
Authorised:		
Ordinary shares of £1 each	<u>29,500,000</u>	<u>29,500,000</u>
	2019 £'000	2018 £'000
Allotted, issued and fully paid:		
Ordinary shares of £1 each	<u>29,500</u>	<u>29,500</u>

The ordinary shares carry one voting right per share and no right to fixed income.

16 Financial commitments

Future capital expenditure

	2019 £'000	2018 £'000
Outstanding contracts for capital expenditure	<u>30,336</u>	<u>18,752</u>

Notes to the financial statements (continued)
for the year ended 31 December 2019

16 Financial commitments (continued)

Operating lease commitments

The company as lessee

The company had outstanding commitments for future minimum lease payments under non-cancellable operating leases as at the reporting date as follows:

	2019			2018		
	Other £'000	Land and buildings £'000	Total £'000	Other £'000	Land and buildings £'000	Total £'000
Within one year	365	799	1,164	-	641	641
Between one and two years	259	615	874	-	410	410
Between two and five years	-	722	722	-	585	585
Over five years	-	-	-	-	31	31
	<u>624</u>	<u>2,136</u>	<u>2,760</u>	<u>-</u>	<u>1,667</u>	<u>1,667</u>

The company as lessor

The company leases hire fleet and land and buildings to third parties. The future minimum lease payments receivable under those non-cancellable leases are as follows:

	2019			2018		
	Hire fleet £'000	Land and buildings £'000	Total £'000	Hire fleet £'000	Land and buildings £'000	Total £'000
Within one year	37,763	356	38,119	34,301	296	34,597
Between one and five years	60,458	1,460	61,918	53,694	1,411	55,105
Over five years	4,601	3,353	7,954	1,533	3,620	5,153
	<u>102,822</u>	<u>5,169</u>	<u>107,991</u>	<u>89,528</u>	<u>5,327</u>	<u>94,855</u>

The previous table excludes expired contracts and those contracts that are transient in nature. These are all for less than one year.

Future purchase undertakings

As part of its trade the company has undertaken to purchase commercial vehicles and trailers from certain lessors and manufacturers upon the future termination of operating lease agreements or other arrangements with third parties at prices estimated to be not less than realisable value at the time of purchase.

**Notes to the financial statements (continued)
for the year ended 31 December 2019**

16 Financial commitments (continued)

As at 31 December 2019 the maturity dates and amounts of these undertakings were:

	2019 £'000	2018 £'000
Within one year	-	370
Between one and two years	-	-
Between two and five years	4,237	438
After more than five years	1,504	252
	<u>5,741</u>	<u>1,060</u>

17 Contingent liabilities

The company has entered into a cross guarantee with various other group companies to secure their banking facilities.

18 Parent undertakings

The immediate parent company is Dawsongroup UK Limited and the ultimate parent company is Dawsongroup plc. Throughout the year Dawsongroup plc was controlled by trusts, the beneficiaries of which are P M Dawson and his immediate family.

The largest and smallest group for which the results of the company are consolidated is that headed up by Dawsongroup plc. The consolidated financial statements of Dawsongroup plc can be obtained from:

Dawsongroup plc
Delaware Drive
Tongwell
Milton Keynes
Bucks
MK15 8JH

19 Related party transactions

Advantage has been taken of the exemption conferred by Section 33 *Related Party Disclosures* not to disclose transactions with fellow members of the Dawsongroup plc group where 100% of the voting rights are controlled within the group.

20 Events after the reporting period

The Covid-19 pandemic has had an effect on the company's trading since the year end. This is regarded as a non-adjusting event and no provision has been made in these financial statements. The full financial effect cannot be estimated at this time. The group has a strategy and procedures in place to access further working capital facilities should these be required. (More information on the impact of Covid-19 on the group can be found on page 3).