

**Strategic Report,
Report of the Directors and
Audited Financial Statements
FOR THE PERIOD
1 August 2019 to 31 August 2020
for
HATS GROUP LTD**

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FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020**

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HATS GROUP LTD

Company Information

FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020

DIRECTORS:

H Bilinski
Miss S C Rezende

REGISTERED OFFICE:

c/o LSR Management Ltd
Unit C2A Comet Studios
De Havilland Court
Amersham
Buckinghamshire
HP7 0PX

REGISTERED NUMBER:

03135655 (England and Wales)

**SENIOR STATUTORY
AUDITOR:**

Mr Matthew Adam Bailey

AUDITORS:

Howards Limited
Newport House
Newport Road
Stafford
Staffordshire
ST16 1DA

**Strategic Report
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020**

The directors present their strategic report for the period 1 August 2019 to 31 August 2020.

REVIEW OF BUSINESS

The results for the year and financial position of the company are shown in the annexed financial statements. The principal activity of the company is the supply of logistical solutions to Local Government & the NHS and private sector.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in an uncertain environment that may result in increased risk, cost pressure and time pressures. Due to the nature of the industry additional pressures from customers can arise without time to plan for them. The following are the key risks that face the company;

-Financing risks

The financial risk to the company going forward is dependent on the current market. As the company deals in transportation logistics over short and medium length contracts this mitigates immediate financing risk, however not long term risks. The company's finances are supported by its ability to gain a competitive advantage over its competitors.

-Market and other regulatory requirements

Existing and possible future legislation, regulations and actions could cause additional operational expense, capital expenditure, reduction in scope and further product development change, the extent of which cannot be predicted. The company takes responsibility for ensuring that all relevant legislation is met.

-Operation risks

These include equipment failure, damage or substandard service, and include changes in customer operations and targets. The risk of oil price changes affecting the cost of sales is an uncontrollable risk for the company. The company seeks to minimise these risks by investing in environmentally advanced equipment, improvements in training and customer engagement whilst closely monitoring the legislation developments within its market.

EMPLOYEES

The company has continued to give full and fair consideration to applications made by persons of all diversities, having regard to their respective aptitudes and abilities, and to ensure that they benefit from training and career development programmes in common with all employees. The company has continued its policy of employee involvement by making information available to employees through the medium of frequent staff meetings, together with personal appraisals and feedback sessions.

PAYMENT OF CREDITORS

The company does not follow any published code or statement on payment practice. However, it is the company's policy to settle all amounts due to its creditors on a timely basis, taking into account the credit terms by each supplier.

**Strategic Report
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020**

LIKELY FUTURE DEVELOPMENTS

HATS Group are expected to continue with strong growth throughout 2020/2021.

During the year we continued to make efficiencies, especially in respect of our capital assets (vehicles). The full year impact of these savings has continued to show through the results of the business. A strong performance through the COVID-19 pandemic is expected to continue through next year & this has helped to strengthen the company and its ability to react to changes in the trading environment.

We are also on course to continue to grow our client base, both organically and through new contracts in the field of patient transport services and passengers with special educational needs and disabilities (SEND).

KEY PERFORMANCE INDICATORS

At HATS Group we recognise that we can only continue to deliver excellent standards of service to our clients by having a successful, sustainable and dynamic company.

To enable this, we use two Key Performance Indicators; Revenue and Net Profit. Both of these KPI's have been achieved.

These figures are for an increased 13 month period not 12 months so some of the increases are due to this.

We have seen a dynamic growth in 2019,20, with turnover increasing from £34,235,448 in 2018/19 to £41,069,891 a growth of 11% on a pro rata basis.

This growth has been driven by the full impact of new patient transport service contracts (PTS) plus additional transport requirements throughout the COVID-19 pandemic. SEND transport contracts for London Boroughs and new clients in the Home Counties contracts have been slightly lower than the previous year due to the COVID-19 Pandemic and closure of schools.

2019/20 reads a very good period for HATS Group, with a gross profit increase of £837,523 to £4,843,488. This strong growth marks a 18% increase in gross profit compared from the previous year on a pro rata basis.

Additionally, net profit increased to £2,188,464. This marks a 31% increase in net profit on a pro rata basis.

Our ability to increase net profit at an accelerated rate compared to gross profit is due to our increasing capacity to achieve continued operational effectiveness. These benefits include increased synergies across our two principal departments (patient transport and home to school) as well as economies of scale benefits arising from increased growth.

We are exceptionally proud of our commercial performance, especially when combined with our excellent front line services levels and regulatory compliance.

ON BEHALF OF THE BOARD:

H Bilinski - Director

29 June 2021

HATS GROUP LTD (REGISTERED NUMBER: 03135655)

Report of the Directors FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020

The directors present their report with the financial statements of the company for the period 1 August 2019 to 31 August 2020.

DIVIDENDS

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

EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements.

DIRECTORS

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

H Bilinski
Miss S C Rezende

RESULTS REVIEW

The company's key performance numbers within the year were:

Year	2020	2019
Turnover	41,069,891	34,235,448
Gross Profit	4,843,488	4,005,965
Net Assets	5,748,818	4,048,825

During the 13 month period there was a 40% increase in patient transport services for NHS trusts, this was a combination of a full period of trade for new contracts and the affects and requirements due to the COVID-19 pandemic. However there was a decrease in the turnover of SEND transport contracts for London Boroughs and in the Home Counties contracts due to the COVID-19 Pandemic and closure of schools. These 13 month figures also include 2 months of August where schools are closed.

With these two factors it was still a strong year of growth and a full school year with no additional closures except for standard school holidays should will show strong growth again into next year.

The company aims to continue to grow its client base organically. The target growth areas are within vulnerable adults & passengers with special educational needs and disabilities (SEND) & within patient transport area of NHS trusts.

The company has the structure in place and operational scope to grow in these target areas.

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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Report of the Directors
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020**

AUDITORS

The auditors, Howards Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting. We appointed new auditors following the passing away of our previous auditor, there were no other circumstances to be notified in the change of auditors.

ON BEHALF OF THE BOARD:

H Bilinski - Director

29 June 2021

**Directors' Responsibilities Statement
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020**

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

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standards 102 as adopted for use in the UK and Republic of Ireland. The financial statements are required by law to 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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of corporate and financial information on the company's website.

Report of the Independent Auditors to the Members of HATS Group Ltd

Opinion

We have audited the financial statements of HATS Group Ltd (the 'company') for the period ended 31 August 2020 which comprise the Income Statement, Other 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 period 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, the Report of the Directors and the Directors' Responsibilities Statement, 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.

Report of the Independent Auditors to the Members of HATS Group Ltd

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.

Responsibilities of directors

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

Report of the Independent Auditors to the Members of HATS Group Ltd

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.

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

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

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

Use of our report

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

Mr Matthew Adam Bailey (Senior Statutory Auditor)
for and on behalf of Howards Limited
Newport House
Newport Road
Stafford
Staffordshire
ST16 1DA

29 June 2021

HATS GROUP LTD (REGISTERED NUMBER: 03135655)**Income Statement****FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020**

		Period 1/8/19 to 31/8/20	Period 1/6/19 to 31/7/19 <i>restated</i> <i>as</i>
	Notes	£	£
TURNOVER		41,069,891	34,235,448
Cost of sales		<u>36,226,403</u>	<u>30,229,483</u>
GROSS PROFIT		4,843,488	4,005,965
Administrative expenses		<u>2,328,961</u>	<u>2,161,274</u>
OPERATING PROFIT	4	2,514,527	1,844,691
Interest payable and similar expenses	5	<u>396,063</u>	<u>326,802</u>
PROFIT BEFORE TAXATION		2,118,464	1,517,889
Tax on profit	6	<u>418,471</u>	<u>134,910</u>
PROFIT FOR THE FINANCIAL PERIOD		<u>1,699,993</u>	<u>1,382,979</u>

The notes form part of these financial statements

HATS GROUP LTD (REGISTERED NUMBER: 03135655)**Other Comprehensive Income****FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020**

		Period 1/8/19 to 31/8/20	Period 1/6/19 to 31/7/19 <i>restated</i> <i>as</i>
	Notes	£	£
PROFIT FOR THE PERIOD		1,699,993	1,382,979
OTHER COMPREHENSIVE INCOME			
Income tax relating to other comprehensive income		-	848,325
		-	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		-	848,325
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			2,231,304
Prior year adjustment	Note 7	285,039	
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		1,985,032	

The notes form part of these financial statements

HATS GROUP LTD (REGISTERED NUMBER: 03135655)**Balance Sheet
31 AUGUST 2020**

		31/8/20		31/7/19 <i>as restated</i>	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	8		-		-
Tangible assets	9		<u>4,333,444</u>		<u>4,014,216</u>
			<u>4,333,444</u>		<u>4,014,216</u>
CURRENT ASSETS					
Debtors	10	6,256,283		7,032,151	
Cash at bank and in hand		<u>1,441,650</u>		<u>38,159</u>	
		7,697,933		7,070,310	
CREDITORS					
Amounts falling due within one year	11	<u>2,969,000</u>		<u>2,344,232</u>	
NET CURRENT ASSETS			<u>4,728,933</u>		<u>4,726,078</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,062,377		8,740,294
CREDITORS					
Amounts falling due after more than one year	12		(2,786,410)		(4,582,791)
PROVISIONS FOR LIABILITIES	16		<u>(527,149)</u>		<u>(108,678)</u>
NET ASSETS			<u>5,748,818</u>		<u>4,048,825</u>
CAPITAL AND RESERVES					
Called up share capital	17		10,000		10,000
Revaluation reserve	18		68,977		68,977
Retained earnings	18		<u>5,669,841</u>		<u>3,969,848</u>
SHAREHOLDERS' FUNDS			<u>5,748,818</u>		<u>4,048,825</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 June 2021 and were signed on its behalf by:

H Bilinski - Director

The notes form part of these financial statements

HATS GROUP LTD (REGISTERED NUMBER: 03135655)**Statement of Changes in Equity
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 June 2019	10,000	2,586,869	68,977	2,665,846
Changes in equity				
Total comprehensive income	-	1,097,940	848,325	1,946,265
Prior year adjustment	-	-	(848,325)	(848,325)
Balance at 31 July 2019	10,000	3,684,809	68,977	3,763,786
Prior year adjustment	-	285,039	-	285,039
As restated	10,000	3,969,848	68,977	4,048,825
Changes in equity				
Total comprehensive income	-	1,699,993	-	1,699,993
Balance at 31 August 2020	10,000	5,669,841	68,977	5,748,818

The notes form part of these financial statements

**Cash Flow Statement
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020**

		Period 1/8/19 to 31/8/20	Period 1/6/19 to 31/7/19 <i>restated</i> <i>as</i>
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	4,139,399	3,475,371
Interest paid		(176,218)	(121,898)
Interest element of hire purchase payments paid		(219,845)	(204,904)
Tax paid		(95,313)	(68,997)
Net cash from operating activities		<u>3,648,023</u>	<u>3,079,572</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(955,240)	(3,271,959)
Sale of tangible fixed assets		-	1
Net cash from investing activities		<u>(955,240)</u>	<u>(3,271,958)</u>
Cash flows from financing activities			
New finance in year		-	(303,850)
Capital repayments in year		(1,289,292)	2,074,458
Net cash from financing activities		<u>(1,289,292)</u>	<u>1,770,608</u>
Increase in cash and cash equivalents		<u>1,403,491</u>	<u>1,578,222</u>
Cash and cash equivalents at beginning of period	2	38,159	(221,027)
Cash and cash equivalents at end of period	2	<u>1,441,650</u>	<u>38,159</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020**

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

	Period 1/8/19 to 31/8/20	Period 1/6/19 to 31/7/19 <i>as restated</i>
	£	£
Profit before taxation	2,118,464	1,517,889
Depreciation charges	636,012	596,447
Loss on disposal of fixed assets	-	18,831
Finance costs	396,063	326,802
	<u>3,150,539</u>	<u>2,459,969</u>
Decrease in stocks	-	146,626
Decrease/(increase) in trade and other debtors	775,868	(680,307)
Increase in trade and other creditors	212,992	1,549,083
Cash generated from operations	<u><u>4,139,399</u></u>	<u><u>3,475,371</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:

Period ended 31 August 2020

	31/8/20 £	1/8/19 £
Cash and cash equivalents	<u>1,441,650</u>	<u>38,159</u>

Period ended 31 July 2019

	31/7/19 <i>as restated</i> £	1/6/19 £
Cash and cash equivalents	38,159	574
Bank overdrafts	-	(221,601)
	<u><u>38,159</u></u>	<u><u>(221,027)</u></u>

**Notes to the Cash Flow Statement
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/8/19 £	Cash flow £	At 31/8/20 £
Net cash			
Cash at bank and in hand	38,159	1,403,491	1,441,650
	<u>38,159</u>	<u>1,403,491</u>	<u>1,441,650</u>
Debt			
Finance leases	(2,542,653)	(264,665)	(2,807,318)
Debts falling due within 1 year	(1,553,957)	1,553,957	-
	<u>(4,096,610)</u>	<u>1,289,292</u>	<u>(2,807,318)</u>
Total	<u>(4,058,451)</u>	<u>2,692,783</u>	<u>(1,365,668)</u>

HATS GROUP LTD (REGISTERED NUMBER: 03135655)

**Error Messages from the Cash Flow Statement
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020**

****LAST YEAR - MOVEMENT IN CASH AND CASH EQUIVALENTS
AS CALCULATED IN CASH FLOW STATEMENT
DOES NOT AGREE TO MOVEMENT PER BALANCE SHEET**

COMPARE MOVEMENT ON CASH FLOW STATEMENT	=	1,578,222
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TO	MOVEMENT PER BALANCE SHEET	
	CASH AND CASH EQUIVALENTS LESS BANK OVERDRAFTS	
	37,585 - (221,601)	= 259,186

**Notes to the Financial Statements
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020**

1. STATUTORY INFORMATION

HATS Group Ltd is a private company, limited by shares, registered in England and Wales.

Registered Office:
c/o LSR Management Limited
C2A Comet Studios
De Havilland Court, Penn Street
Amersham
Buckinghamshire
HP7 0PX

Registered number: 03135655

Head Office:
44 Weir Road
Wimbledon
SW19 8UG

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), the financial reporting standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Judgements in applying accounting policies and estimation uncertainty

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the company; it may later be determined that a different choice would have been more appropriate. Management considers that certain accounting estimates and assumptions relating to revenue, taxation, work in progress, provisions and contingent liabilities and accruals are its critical accounting estimates.

Cash & cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales. All billable journey's are reconciled to billing and approved by local authorities only once approved are they recognised as turnover.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 1995, is being amortised evenly over its estimated useful life of five years.

**Notes to the Financial Statements - continued
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020**

2. ACCOUNTING POLICIES - continued

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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.

Short leasehold	- Over the term of the lease
Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 10% on cost

Financial instruments

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

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, 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 period 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.

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.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Notes to the Financial Statements - continued
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020**

2. ACCOUNTING POLICIES - continued

Going concern

The directors review the on going working capital of the company to ensure that there are sufficient resources to meet its financial liabilities to continue trading in the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on going concern basis.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently amortised at cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the discounted amount of the cash or other consideration, expected to be paid or received. However if arrangements of a short-term instrument constitute a financing transaction, like the payment of trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan at market rate, the financial asset or liability is measured, initially at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets measured at amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements - continued
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020

2. ACCOUNTING POLICIES - continued

Impairment of non financial assets

At each reporting date non-financial assets not carried at fair value, like tangible fixed assets, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

3. EMPLOYEES AND DIRECTORS

	Period 1/8/19 to 31/8/20	Period 1/6/19 to 31/7/19 <i>restated</i> <i>as</i>
	£	£
Wages and salaries	1,155,403	927,030
Social security costs	122,718	112,263
Other pension costs	23,610	14,505
	<u>1,301,731</u>	<u>1,053,798</u>

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

	Period 1/8/19 to 31/8/20	Period 1/6/19 to 31/7/19 <i>restated</i> <i>as</i>
Administration	<u>30</u>	<u>29</u>
	Period 1/8/19 to 31/8/20	Period 1/6/19 to 31/7/19 <i>restated</i> <i>as</i>
	£	£
Directors' remuneration	<u>100,453</u>	<u>100,000</u>

Notes to the Financial Statements - continued
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020

4. OPERATING PROFIT

The operating profit is stated after charging:

	Period 1/8/19 to 31/8/20	Period 1/6/19 to 31/7/19 <i>restated</i>
	£	£
Depreciation - owned assets	104,391	66,562
Depreciation - assets on hire purchase contracts	531,621	529,885
Loss on disposal of fixed assets	-	18,831
Auditors' remuneration	<u>7,500</u>	<u>5,000</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1/8/19 to 31/8/20	Period 1/6/19 to 31/7/19 <i>restated</i>
	£	£
Factoring costs	92,372	90,440
Other interest payable	83,846	31,458
Hire purchase	<u>219,845</u>	<u>204,904</u>
	<u>396,063</u>	<u>326,802</u>

6. TAXATION

Analysis of the tax charge

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

	Period 1/8/19 to 31/8/20	Period 1/6/19 to 31/7/19 <i>restated</i>
	£	£
Current tax:		
UK corporation tax	-	95,313
Deferred tax	<u>418,471</u>	<u>39,597</u>
Tax on profit	<u>418,471</u>	<u>134,910</u>

Notes to the Financial Statements - continued
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020

6. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	Period 1/8/19 to 31/8/20	Period 1/6/19 to 31/7/19 <i>as restated</i>
	£	£
Profit before tax	<u>2,118,464</u>	<u>1,517,889</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	402,508	288,399
Effects of:		
Expenses not deductible for tax purposes	453	397
Capital allowances in excess of depreciation	(173,495)	(176,051)
Utilisation of tax losses	(38,782)	-
Deferred tax on accelerated capital allowances	418,471	39,597
Enhanced expenditure	<u>(190,684)</u>	<u>(17,432)</u>
Total tax charge	<u>418,471</u>	<u>134,910</u>

Tax effects relating to effects of other comprehensive

income

	1/6/19 to 31/7/19		
	Gross	Tax	Net
	£	£	£
Revaluation of vehicles	<u>848,325</u>	<u>-</u>	<u>848,325</u>

7. PRIOR YEAR ADJUSTMENT

The financial statements have been restated to incorporate the impact of a misclassification of tangible fixed assets and the related hire purchase/finance lease liabilities. The change has resulted in profits available for distribution at 31 July 2019 increasing by £285,039.

Summary of the prior period accounting impact:

Increase in tangible fixed assets - motor vehicles

Increase in tangible fixed assets - motor vehicles	1,834,995
Increase in creditors - amounts due under hire purchase contracts	1,549,956
Prior period adjustment - increase in distributable profits	285,039

Notes to the Financial Statements - continued
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020

8. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 August 2019 and 31 August 2020	3,000
AMORTISATION	
At 1 August 2019 and 31 August 2020	3,000
NET BOOK VALUE	
At 31 August 2020	-
At 31 July 2019	-

9. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 August 2019	55,791	139,748	190,284	5,298,850	5,684,673
Additions	-	-	11,636	943,604	955,240
At 31 August 2020	55,791	139,748	201,920	6,242,454	6,639,913
DEPRECIATION					
At 1 August 2019	55,791	137,603	162,484	1,314,579	1,670,457
Charge for period	-	1,033	10,734	624,245	636,012
At 31 August 2020	55,791	138,636	173,218	1,938,824	2,306,469
NET BOOK VALUE					
At 31 August 2020	-	1,112	28,702	4,303,630	4,333,444
At 31 July 2019	-	2,145	27,800	3,984,271	4,014,216

The asset value of all fixed assets was reviewed within the financial period. Within the review it was noted that some vehicles were treated as rented within the prior year and should have been included within the fixed asset register. This has been corrected within the current period and the revaluation of last year reversed. All assets are now held at their market written down value level.

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 useful lives or the lease term, whichever is the shorter.

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

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

Notes to the Financial Statements - continued
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020

10. DEBTORS

	31/8/20	31/7/19 <i>restated</i>
	<i>as</i>	
	£	£
Amounts falling due within one year:		
Trade debtors	3,826,959	3,049,353
Other debtors	32,724	-
Prepayments and accrued income	846,364	28,923
	<u>4,706,047</u>	<u>3,078,276</u>
Amounts falling due after more than one year:		
Other debtors	<u>1,550,236</u>	<u>3,953,875</u>
Aggregate amounts	<u>6,256,283</u>	<u>7,032,151</u>

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

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/8/20	31/7/19 <i>restated</i>
	<i>as</i>	
	£	£
Bank loans and overdrafts (see note 13)	-	1,553,957
Hire purchase contracts (see note 14)	1,028,680	285,777
Trade creditors	699,322	255,408
Tax	-	95,313
Social security and other taxes	37,551	29,973
VAT	1,020,179	69,846
Accrued expenses	183,268	53,958
	<u>2,969,000</u>	<u>2,344,232</u>

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

Notes to the Financial Statements - continued
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020

12. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31/8/20	31/7/19 <i>as restated</i>
	£	£
Hire purchase contracts (see note 14)	1,778,638	2,256,876
Other creditors	1,007,772	2,325,915
	<u>2,786,410</u>	<u>4,582,791</u>

13. **LOANS**

An analysis of the maturity of loans is given below:

	31/8/20	31/7/19 <i>as restated</i>
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>-</u>	<u>1,553,957</u>

14. **LEASING AGREEMENTS**

Minimum lease payments under hire purchase fall due as follows:

	31/8/20	31/7/19 <i>as restated</i>
	£	£
Net obligations repayable:		
Within one year	1,028,680	285,777
Between one and five years	1,778,638	2,256,876
	<u>2,807,318</u>	<u>2,542,653</u>

15. **SECURED DEBTS**

The following secured debts are included within creditors:

	31/8/20	31/7/19 <i>as restated</i>
	£	£
Hire purchase contracts	<u>2,807,318</u>	<u>2,542,653</u>

Hire purchase liabilities are secured against relevant assets.

Notes to the Financial Statements - continued
FOR THE PERIOD 1 AUGUST 2019 TO 31 AUGUST 2020

16. PROVISIONS FOR LIABILITIES

	31/8/20	31/7/19 <i>as restated</i>
	£	£
Deferred tax		
Accelerated capital allowances	<u>527,149</u>	<u>108,678</u>
		Deferred tax
		£
Balance at 1 August 2019		108,678
Provided during period		<u>418,471</u>
Balance at 31 August 2020		<u>527,149</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31/8/20	31/7/19 <i>as restated</i>
			£	£
1,000	Ordinary	£1	<u>10,000</u>	<u>10,000</u>

18. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 August 2019	3,684,809	68,977	3,753,786
Prior year adjustment	<u>285,039</u>		<u>285,039</u>
	3,969,848		4,038,825
Profit for the period	<u>1,699,993</u>		<u>1,699,993</u>
At 31 August 2020	<u>5,669,841</u>	<u>68,977</u>	<u>5,738,818</u>

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charge represents contributions payable by the company and amounted to £23,610 (2019: £14,505). Contributions totalling £4,565 were payable at the year end and are included in creditors.

20. POST BALANCE SHEET EVENTS

There were no events after the reporting period.

21. FUNCTIONAL & PRESENTATIONAL CURRENCY

The company's functional and presentational currency is GBP (£).

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