

Company Registration No. 04707862 (England and Wales)

**J F PEARCE & SONS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

# J F PEARCE & SONS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J C Pearce J S Pearce J R Pearce
<b>Secretary</b>	J C Pearce
<b>Company number</b>	04707862
<b>Registered office</b>	Unit 1 Leighton Business Park Wanstrow Shepton Mallet Somerset BA4 4FX
<b>Auditors</b>	Pearson May 67 & 68 St Mary Street Chippenham Wiltshire SN15 3JF
<b>Bankers</b>	Lloyds Bank plc 37 Market Place Warminster Wiltshire BA12 9BD

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# J F PEARCE & SONS LIMITED

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# **J F PEARCE & SONS LIMITED**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 31 MARCH 2021***

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The directors present the strategic report for the year ended 31 March 2021.

### **Fair review of the business**

The company's principal activity continued to be that of a haulier and the purchase and sale of aggregates.

The advent of the Covid-19 pandemic had a severely detrimental effect in April and May 2020, but once it was clear that the building trade was being encouraged to continue working recovery was surprisingly quick. Turnover for the rest of the year consistently exceeded the corresponding months for the previous year.

### **Principal risks and uncertainties**

The main risk to the company is the variability of demand and any downturn in the building trade. Financial risk management objectives of the company in relation to financial instruments are set by the board with a view to minimising its exposure to price risk, credit risk, liquidity risk and cashflow risk.

With these risks and uncertainties in mind, the directors are aware that any plans for future development of the business may be subject to unforeseen circumstances outside their control.

### **Future developments**

The directors intend to continue their family haulage and aggregates business as they have done for many years, the original business being formed in 1959.

### **Key performance indicators**

The directors consider the company's key measurements of the effectiveness of its operations are turnover and gross and net operating margins.

In the financial year 2021, the turnover was £11.805 million (2020: £11.865 million). Gross margin was 21.77% (2020: 17.88%). The net margin was 10.23% (2020: 3.54%). As a result of a contract previously secured with a national customer the company had to acquire additional vehicles. The decision was made to increase the number of vehicles on contract hire. During the financial year some of the vehicles came out of contract hire and were purchased by the company. In addition, the company has reduced its use of subcontract haulage as it rapidly expanded its own fleet of tipper trucks to meet demand.

Turnover and profit margins are in line with expectations and the company has a positive outlook for the immediate future.

By order of the board

J C Pearce  
**Secretary**

20 December 2021

# **J F PEARCE & SONS LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 MARCH 2021***

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The directors present their annual report and financial statements for the year ended 31 March 2021.

### **Principal activities**

The principal activity of the company continued to be that of a haulier and the purchase and sale of aggregates.

### **Results and dividends**

The results for the year are set out on page 7.

Dividends have been paid in accordance with note 10 on page 18.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J C Pearce

J S Pearce

J R Pearce

### **Auditors**

The auditors, Pearson May, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual 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 and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### **Statement of disclosure to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

**J F PEARCE & SONS LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2021***

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By order of the board

J C Pearce  
**Secretary**

20 December 2021

# J F PEARCE & SONS LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF J F PEARCE & SONS LIMITED

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#### Opinion

We have audited the financial statements of J F Pearce & Sons Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our 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.

# **J F PEARCE & SONS LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF J F PEARCE & SONS LIMITED**

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### **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 and the directors' report.

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 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, 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.

### **Auditors' responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

We considered the nature of the company's industry to identify the principal risks of non-compliance with laws and regulations. We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and we enquired of management about their own identification and assessment of the risks of irregularities. We considered the extent to which non-compliance might have a material effect on the financial statements of the company. The key laws and regulations that had a direct effect on the amounts and disclosures in the accounts include the UK Companies Act, employment legislation, regulations in respect of transport and tax legislation. We determined that the principal risks were related to posting of inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgemental areas of the financial statements such as revenue recognition and the useful lives of assets.



## **J F PEARCE & SONS LIMITED**

### **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

#### **TO THE MEMBERS OF J F PEARCE & SONS LIMITED**

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In common with all audits under ISAs (UK), or in response to specific risks identified, our procedures included the following:

- Enquiry of management around actual and potential litigation and claims
- Enquiry of management to identify any instances of non-compliance with laws and regulations
- Reviewing minutes of meetings of those charged with governance
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- Auditing the risk of management override of controls, including through testing the appropriateness of journal entries and other adjustments, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business
- Obtaining evidence to corroborate management estimates and judgements
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditors' report.

#### **Use of our report**

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

**Matthew Rutter BSc FCA (Senior Statutory Auditor)**  
**For and on behalf of Pearson May**

20 December 2021

**Chartered Accountants**  
**Statutory Auditor**

67 & 68 St Mary Street  
Chippenham  
Wiltshire  
SN15 3JF

# J F PEARCE & SONS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	11,805,176	11,864,805
Cost of sales		(9,234,783)	(9,743,205)
<b>Gross profit</b>		<u>2,570,393</u>	<u>2,121,600</u>
Administrative expenses		(1,680,358)	(1,651,750)
Other operating income		366,209	15,511
<b>Operating profit</b>	<b>4</b>	<u>1,256,244</u>	<u>485,361</u>
Interest receivable and similar income	<b>7</b>	4,905	7,228
Interest payable and similar expenses	<b>8</b>	(53,666)	(73,019)
<b>Profit before taxation</b>		<u>1,207,483</u>	<u>419,570</u>
Tax on profit	<b>9</b>	(235,217)	(85,270)
<b>Profit for the financial year</b>		<u><u>972,266</u></u>	<u><u>334,300</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# J F PEARCE & SONS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Goodwill	11	52,083		77,083	
Tangible assets	12	5,378,824		5,615,366	
		<u>5,430,907</u>		<u>5,692,449</u>	
<b>Current assets</b>					
Stocks	13	228,358		242,797	
Debtors	14	3,561,432		2,729,739	
Cash at bank and in hand		1,123,678		1,026,072	
		<u>4,913,468</u>		<u>3,998,608</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(2,181,652)</u>		<u>(1,988,268)</u>	
<b>Net current assets</b>			2,731,816		2,010,340
<b>Total assets less current liabilities</b>			8,162,723		7,702,789
<b>Creditors: amounts falling due after more than one year</b>	16		(863,766)		(1,211,849)
<b>Provisions for liabilities</b>					
Deferred tax liability	19	346,240		252,489	
		<u>(346,240)</u>		<u>(252,489)</u>	
<b>Net assets</b>			<u>6,952,717</u>		<u>6,238,451</u>
<b>Capital and reserves</b>					
Called up share capital	21	375		375	
Profit and loss reserves		6,952,342		6,238,076	
<b>Total equity</b>		<u>6,952,717</u>		<u>6,238,451</u>	

The financial statements were approved by the board of directors and authorised for issue on 20 December 2021 and are signed on its behalf by:

J C Pearce  
Director

J S Pearce  
Director

J R Pearce  
Director

Company Registration No. 04707862

# J F PEARCE & SONS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
<b>Balance at 1 April 2019</b>		375	6,253,276	6,253,651
<b>Year ended 31 March 2020:</b>				
Profit and total comprehensive income for the year		-	334,300	334,300
Dividends	10	-	(349,500)	(349,500)
<b>Balance at 31 March 2020</b>		375	6,238,076	6,238,451
<b>Year ended 31 March 2021:</b>				
Profit and total comprehensive income for the year		-	972,266	972,266
Dividends	10	-	(258,000)	(258,000)
<b>Balance at 31 March 2021</b>		375	6,952,342	6,952,717

# J F PEARCE & SONS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	1,475,286		1,238,112	
Interest paid		(53,666)		(73,019)	
Income taxes paid		-		(135,534)	
<b>Net cash inflow from operating activities</b>		<u>1,421,620</u>		<u>1,029,559</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(595,888)		(394,145)	
Proceeds on disposal of tangible fixed assets		5,000		13,600	
Receipts arising from loans made		561		36,049	
Interest received		<u>4,905</u>		<u>7,228</u>	
<b>Net cash used in investing activities</b>			(585,422)		(337,268)
<b>Financing activities</b>					
Repayment of bank loans		(23,379)		(29,266)	
Payment of finance leases obligations		(457,213)		(580,391)	
Dividends paid		<u>(258,000)</u>		<u>(349,500)</u>	
<b>Net cash used in financing activities</b>			(738,592)		(959,157)
<b>Net increase/(decrease) in cash and cash equivalents</b>			<u>97,606</u>		<u>(266,866)</u>
Cash and cash equivalents at beginning of year			<u>1,026,072</u>		<u>1,292,938</u>
<b>Cash and cash equivalents at end of year</b>			<u><u>1,123,678</u></u>		<u><u>1,026,072</u></u>

# **J F PEARCE & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

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### **1 Accounting policies**

#### **Company information**

J F Pearce & Sons Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1, Leighton Business Park, Wanstrow, Shepton Mallet, Somerset, BA4 4FX.

#### **1.1 Accounting convention**

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 the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

In reaching their judgement regarding going concern, the directors have considered the impact of the global Covid-19 pandemic on the company's activities. Although the pandemic is causing economic disruption, the long-term extent and quantum of that disruption remains unknown as at the date of approving these financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from services and the sale of goods is recognised when the service has been completed or significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **1.4 Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of an unincorporated business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

#### **1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# J F PEARCE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Plant, machinery and equipment	15% reducing balance
Office equipment	20% reducing balance
Motor vehicles and trailers	25% reducing balance [Depreciation is charged from the quarter in which new vehicles are brought into use. Depreciation is not charged on vehicles purchased but that are not brought into use at the year end date.]

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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 (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

# J F PEARCE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **1.10 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.11 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.



# J F PEARCE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.14 Leases**

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **1.15 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

# J F PEARCE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Useful lives of tangible fixed assets

Fixed assets are written off over their useful lives. Management estimate the useful lives by reference to industry norms and past experience.

#### Trade debtors

An allowance for doubtful debts involves significant management judgement. Management review individual debtors based on individual creditworthiness, current economic trends and historical bad debts.

### 3 Turnover and other revenue

	2021 £	2020 £
<b>Turnover analysed by class of business</b>		
Haulage	9,211,779	10,907,166
Aggregates	2,593,397	957,639
	<u>11,805,176</u>	<u>11,864,805</u>
	<u><u>11,805,176</u></u>	<u><u>11,864,805</u></u>
<b>Turnover analysed by geographical market</b>		
United Kingdom	11,805,176	11,864,805
	<u><u>11,805,176</u></u>	<u><u>11,864,805</u></u>

# J F PEARCE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(366,209)	(15,511)
Fees payable to the company's auditors for the audit of the company's financial statements	17,000	15,000
Depreciation of owned tangible fixed assets	481,916	394,778
Depreciation of tangible fixed assets held under finance leases	324,578	415,662
Loss on disposal of tangible fixed assets	20,936	4,597
Amortisation of intangible assets	25,000	25,000
Operating lease charges	596,956	596,668

Government grants received relate to the Coronavirus Job Retention Scheme.

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Directors	3	3
Administrative staff	15	15
Drivers	81	83
Fitters	10	11
Total	109	112

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	3,709,419	3,736,393
Social security costs	360,246	359,303
Pension costs	193,460	207,304
	4,263,125	4,303,000

# J F PEARCE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	24,953	24,753
Company pension contributions to defined contribution schemes	120,000	120,000
	<u>144,953</u>	<u>144,753</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3). The directors consider themselves to be the only key management personnel.

### 7 Interest receivable and similar income

	2021 £	2020 £
<b>Interest income</b>		
Interest on bank deposits	200	2,100
Other interest income	4,705	5,128
	<u>4,905</u>	<u>7,228</u>

### 8 Interest payable and similar expenses

	2021 £	2020 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	7,754	10,830
Other interest on financial liabilities	10,000	10,000
	<u>17,754</u>	<u>20,830</u>
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	33,459	48,601
Other interest	2,453	3,588
	<u>53,666</u>	<u>73,019</u>

### 9 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	141,466	(24,310)
	<u></u>	<u></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	93,751	109,580
	<u></u>	<u></u>
<b>Total tax charge</b>	<u>235,217</u>	<u>85,270</u>

# J F PEARCE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	1,207,483	419,570
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	229,422	79,718
Tax effect of expenses that are not deductible in determining taxable profit	1,045	801
Capital allowances in excess of depreciation	(89,001)	(104,829)
Deferred taxation	93,751	109,580
Taxation charge for the year	235,217	85,270

### 10 Dividends

	2021 £	2020 £
Interim paid	258,000	349,500

### 11 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 April 2020 and 31 March 2021	500,000
<b>Amortisation and impairment</b>	
At 1 April 2020	422,917
Amortisation charged for the year	25,000
At 31 March 2021	447,917
<b>Carrying amount</b>	
At 31 March 2021	52,083
At 31 March 2020	77,083

# J F PEARCE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 12 Tangible fixed assets

	Freehold land and buildings	Plant, machinery and equipment	Office equipment	Motor vehicles and trailers	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2020	2,798,765	390,455	30,585	9,012,682	12,232,487
Additions	-	77,662	3,128	515,098	595,888
Disposals	-	-	-	(620,699)	(620,699)
At 31 March 2021	2,798,765	468,117	33,713	8,907,081	12,207,676
<b>Depreciation and impairment</b>					
At 1 April 2020	177,151	206,331	17,301	6,216,338	6,617,121
Depreciation charged in the year	52,012	33,647	2,948	717,887	806,494
Eliminated in respect of disposals	-	-	-	(594,763)	(594,763)
At 31 March 2021	229,163	239,978	20,249	6,339,462	6,828,852
<b>Carrying amount</b>					
At 31 March 2021	2,569,602	228,139	13,464	2,567,619	5,378,824
At 31 March 2020	2,621,614	184,124	13,284	2,796,344	5,615,366

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Motor vehicles and trailers	965,248	1,665,253

Included in 'Additions to Motor vehicles and trailers' is 1 trailer (2020 2 tractor units and 9 trailers) which was purchased during the accounting period under review at a cost of £2,974 (2020 £444,047) which was not on the road and in use by 31 March 2021. Thus the directors have decided at present not to provide for depreciation in the accounting period under review on that expenditure, but have provided for depreciation from the quarter in which new vehicles are brought into use during the year.

### 13 Stocks

	2021 £	2020 £
Goods for resale	41,672	27,301
Stock of spare parts and fuel	186,686	215,496
	228,358	242,797

# J F PEARCE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 14 Debtors

	2021	2020
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	2,427,776	2,323,823
Corporation tax recoverable	-	36,026
Other debtors	588,950	306,869
Prepayments and accrued income	33,945	63,021
	<u>3,050,671</u>	<u>2,729,739</u>
<b>Amounts falling due after more than one year:</b>		
	£	£
Other debtors	<u>510,761</u>	<u>-</u>
<b>Total debtors</b>	<u>3,561,432</u>	<u>2,729,739</u>

### 15 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans	17	31,715	25,836
Obligations under finance leases	18	295,965	457,212
Other borrowings	17	200,000	200,000
Trade creditors		867,130	720,702
Corporation tax		105,440	-
Other taxation and social security		425,691	408,041
Other creditors		36,000	15,083
Accruals and deferred income		219,711	161,394
		<u>2,181,652</u>	<u>1,988,268</u>

### 16 Creditors: amounts falling due after more than one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	17	341,432	370,690
Obligations under finance leases	18	442,804	738,770
Other creditors		79,530	102,389
		<u>863,766</u>	<u>1,211,849</u>

# J F PEARCE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 16 Creditors: amounts falling due after more than one year (Continued)

Amounts included above which fall due after five years are as follows:

Payable by instalments	207,805	241,976
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### 17 Loans and overdrafts

	2021 £	2020 £
Bank loans	373,147	396,526
Loans from related parties	200,000	200,000
	573,147	596,526
Payable within one year	231,715	225,836
Payable after one year	341,432	370,690

The bank loan is secured by an unlimited debenture from the company and a first legal charge over the freehold and buildings at Unit 1 Leighton Business Park, Haygrove Lane, Wanstrow, Shepton Mallet, BA4 4FX in favour of Lloyds Bank plc.

The bank loan consists of a loan drawn down in August 2016 of £500,000. The loan bears interest at a rate of 1.9% over Base Rate (official bank rate of the Bank of England) per annum and is repayable over 15 years.

The loan from a related party is unsecured. The loan bears interest at a rate of 5% per annum and interest will be repaid in consecutive monthly instalments. Repayments will continue until such time as a written notice of demand is received at which point the principal amount will become repayable within 365 days.

### 18 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	295,965	457,212
In two to five years	442,804	738,770
	738,769	1,195,982

Obligations under finance leases are secured by fixed charges on the assets concerned. The directors have also given personal guarantees in respect of a number of the finance lease agreements. The directors consider that the carrying amount of the obligations under finance leases approximate to their fair value.



# J F PEARCE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
<b>Balances:</b>		
Accelerated capital allowances	346,240	252,489
	<u>          </u>	<u>          </u>
<b>Movements in the year:</b>		2021 £
Liability at 1 April 2020		252,489
Charge to profit or loss		93,751
		<u>          </u>
Liability at 31 March 2021		346,240
		<u>          </u>

### 20 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	193,460	207,304
	<u>          </u>	<u>          </u>

The company operates defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the company in independently administered funds.

### 21 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary 'A' shares of £1 each	300	300	300	300
Ordinary 'B' shares of £1 each	75	75	75	75
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	375	375	375	375
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Each 'A' share is entitled to two votes in any circumstance. Each 'A' share is entitled pari passu to all dividend payments or other distributions to that class of share. Dividends can be paid in respect of one or more classes of shares to the exclusion of the other classes. All 'A' and 'B' shares are entitled pari passu to participate in a distribution on a winding up.

Each 'B' share is entitled to two votes in any circumstance (previously 1 vote until October 2019). Each 'B' share is entitled pari passu to all dividend payments or other distributions to that class of share. Dividends can be paid in respect of one or more classes of shares to the exclusion of the other classes. All 'A' and 'B' shares are entitled pari passu to participate in a distribution on a winding up.

# J F PEARCE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 22 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	385,000	590,000
Between two and five years	190,000	510,000
In over five years	-	22,000
	<u>575,000</u>	<u>1,122,000</u>

### 23 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

During the year, the company paid dividends to the wives of the directors amounting to £78,000 (2020 £84,000).

Other creditors includes £27,163 (2020 £3,706) owed to the wives of the directors. The loans are unsecured, interest free and repayable on demand.

Other creditors includes £200,000 (2020 £200,000) owed to the mother of the directors. This loan is unsecured. The loan bears interest at the rate of 5% per annum and interest will be paid in consecutive monthly instalments. Repayments will continue until such time as a written notice of demand is received at which point the principal amount will become repayable within 365 days.

During the year the company recharged costs to the Pearce Retirement Benefit Scheme of £23,442 (2020 £197,223). The directors are all beneficiaries of the scheme.

During the year the company made sales to the Pearce Retirement Benefit Scheme of £4,398 (2020 £10,804). The directors are all beneficiaries of the scheme.

During the year the company paid rent and water rates to the Pearce Retirement Benefit Scheme amounting to £47,906 (2020 £47,167). The directors are all beneficiaries of the scheme and believe the transactions have been carried out on an arms length basis.

Debtors include loans of £712,500 (2020 £nil) due from a company in which the directors of J F Pearce & Sons Limited are interested as shareholders. Of this £201,739 (2020 £ nil) is due within one year and £510,761 (2020 £nil) is due after more than one year. The amounts due are secured. Interest on a loan of £150,000 is chargeable at the rate of 2.25% Interest on a loan of £562,500 is chargeable at the rate of 2.0% above the Bank of England Base Rate.

# J F PEARCE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 24 Directors' transactions

Dividends totalling £180,000 (2020 £265,500) were paid in the year in respect of shares held by the company's directors.

Creditors: amounts falling due within one year includes £8,836 (2020 £11,377) owed to two of the directors. The amount is unsecured and interest has been charged on the amount owing at the rate of 2.0% over Bank of England Base Rate.

Creditors: amounts falling due after more than one year includes £79,530 (2020 £102,389) owed to two of the directors. The amount is unsecured and interest has been charged on the amount owing at the rate of 2.0% over the Bank of England Base Rate.

Loans have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Closing balance £
Loan	2.25	208,132	56,072	4,367	(60,000)	208,571
		208,132	56,072	4,367	(60,000)	208,571

The above loan is unsecured and repayable on demand.

### 25 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	972,266	334,300
<b>Adjustments for:</b>		
Taxation charged	235,217	85,270
Finance costs	53,666	73,019
Investment income	(4,905)	(7,228)
Loss on disposal of tangible fixed assets	20,936	4,597
Amortisation and impairment of intangible assets	25,000	25,000
Depreciation and impairment of tangible fixed assets	806,494	810,440
<b>Movements in working capital:</b>		
Decrease in stocks	14,439	12,370
(Increase)/decrease in debtors	(868,280)	74,936
Increase/(decrease) in creditors	220,453	(174,592)
<b>Cash generated from operations</b>	<b>1,475,286</b>	<b>1,238,112</b>

## J F PEARCE & SONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2021*

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**26 Analysis of changes in net debt**

	<b>1 April 2020</b>	<b>Cash flows 31 March 2021</b>	
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	1,026,072	97,606	1,123,678
Borrowings excluding overdrafts	(596,526)	23,379	(573,147)
Obligations under finance leases	(1,195,982)	457,213	(738,769)
	<u>(766,436)</u>	<u>578,198</u>	<u>(188,238)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.