Explore Transport Limited

Annual report and financial statements
Registered number 09403776
Year ended 31 March 2019

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Strategic Report

Principal activities

Explore Transport Limited trading as Explore Plant and Transport Solutions provides specialist haulage, logistics and plant hire services primarily to the construction sector.

Business model

Our vision for our Transport division is to drive a step change in safety and customer service levels for transportation of construction materials and plant and machinery. In our Plant and Tools division we are also focused on safety and the use of premium brands and the latest technologies. Overall, we aim to create a world class plant and transport solutions business that people are proud to work for.

We continually invest in technology and training to be recognised as the safest operator in the construction sector. We innovate and engineer new solutions to be able to securely carry heavy and bulky items.

Business review

Explore Transport Limited began trading in September 2015 with the commencement of a five-year exclusive contract for the provision of haulage services to members of the Laing O'Rourke Group.

The Plant and Tool hire division was acquired from Select Plant Hire Company Limited (a subsidiary of Laing O'Rourke Corporation Limited Group), in January 2017. There is also a five-year exclusive contract in place for the provision of Plant and Tool hire services to members of the Laing O'Rourke Group. Recently both contracts were extended out to 2024.

Both the Transport and Plant divisions are now fully integrated and operating successfully as one entity. Both are also performing in line with expectations with both investing in people and systems to facilitate future growth. Revenue demand was strong during the year with exceptional profit growth.

Financial results

The results for the financial year ending 31st March 2019 are set out on pages 7 and 8. Revenue increased by 5% year on year (2019:£71m, 2018:£67.6m). The profit for the period before taxation increased by 47% (2019:£6.8m, 2018:£4.6m) resulting in net profit of £5.6m (2018:£3.6m) and net assets of £10.5m (2018:£7.2m).

Future developments

We are seeing that activity in the construction sector is challenging, however the pipeline for new opportunities continues to grow and the long-term market outlook is positive.

We will continue to strengthen both of our divisions by diversifying our customer base and by expanding our service offerings.

Our primary focus will continue to be on driving ongoing improvements in safety standards in the industry, in particular, the safety of vulnerable road users in cities. Our engineering teams are currently developing several innovative solutions to keep us leading the market in safe transport.

Our core skills of safety, customer service and efficient asset utilisation are transferable to other related services in the construction sector. We will continue to explore opportunities for diversification into areas which are underpinned by our core skill set.

Strategic Report *(continued)*

Key performance indicators

Safety and customer service are our key priorities. Our track record to date is excellent and we firmly believe that we are the market leader in both areas.

Efficiency and utilisation of our fleet is the main factor underpinning financial returns. The KPIs that we track include:

- % of empty miles across our fleet, which provides an indication of the back-loading and networking improvements that our planning teams are implementing together with demonstrating the environmental benefit of fewer empty road miles;
- weekly and monthly utilisation on an asset group level. This shows the performance of key asset groups against expectations;
- weekly analysis of revenue between cross-hire and owned plant assets. This highlights both the opportunities to exchange cross-hire with current owned assets and potential investment opportunities; and
- weekly repairs and maintenance spend analysis against expectations

The use of consolidation centres, particularly around London, will maximise the utilisation of the fleet 24 hours per day through the use of night drivers trunking loads from manufacturing facilities and then day drivers making just-in-time deliveries to construction sites. Continued innovation by our engineering teams in the design of new equipment will enable us to better network the fleet across different product types, for example, sliding roof and sliding body curtain-sider trailers that are able to transport pre-cast concrete products, tower crane sections, modular buildings or even general grocery goods as a backload.

Principal risks and uncertainties

We currently have a concentrated customer base, albeit the Laing O'Rourke Group comprises a diverse range of divisions including a variety of different construction sites, plant hire operations and off-site manufacturing facilities. The risk presented by this concentration is also considered in the Going Concern disclosures given in note 1.2 to the financial statements. Our customer concentration has reduced again this year with many new customers being won. We expect to be able to continue to diversify our customer base as we continue to win new business.

The referendum decision to leave the European Union ('EU') continues to impact the construction sector through ongoing political, economic and financial uncertainty. This is anticipated to dominate market discussions in the short to medium term and there are indications that the high-rise residential market is seeing project delays and other major (public and private) projects have been slower to come to market.

Like most UK businesses we will not be totally immune operationally to the effects of Brexit. However, we have no direct dealings with the EU and only employ a limited number of EU nationals so should be affected to a lesser extent than most. We currently have no EU customers and no direct EU suppliers for day to day trade. We may, however, suffer some cost inflation as most of our transport assets originate in Europe and whilst all our plant suppliers have stores of parts in the UK they do rely on overnight deliveries from Europe for larger items and restocking.

Signed on behalf of the Board

David Cox
Director

24 December 2019

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 March 2019.

Dividends

Dividends of £2,360k were paid in the year (2018: £6,150k).

Directors

The directors who held office from 1 April 2018 to the date of this report are as follows:

D N Cox
D J Heynen – (resigned on 23 September 2019)
B G Cooper – (appointed on 12 December 2018)
A S McIntyre – (appointed on 11 November 2019)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of this information.

Financial risk management

The company is exposed to a variety of financial risks. The Company meets its day to day working capital requirements through a combination of an invoice discounting facility and an inventory facility provided by its lenders which were £5.8m and £22.4m at the balance sheet date. The Company has remained within its facility limits and applicable financial covenants for the financial year and since the year end to date. The company does not use derivative financial instruments to manage interest rate costs and so no hedge accounting is applied. Directors will review these policies if the company's operations change in size or nature.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the Board

David Cox
Director

24 December 2019

Bridge Place
Admirals Park
Crossways, Dartford
DA2 6SN

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of Explore Transport Limited

Opinion

We have audited the financial statements of Explore Transport Limited ("the Company") for the year ended 31 March 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as valuation of tangible assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Material uncertainty related to going concern

We draw attention to note 1.2 to the financial statements which indicates that the company is forecasting to breach its working capital facilities tangible net worth covenant which is assessed at 31 March 2020 and 31 March 2021. Furthermore, note 1.2 also indicates that the company's largest customer and joint venture partner, Laing O'Rourke, has disclosed a material uncertainty which may cast significant concern over its ability to continue as a going concern.

These events and conditions, along with the other matters explained in note 1.2, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Liam Finnigan

Liam Finnigan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St Peter's Square
Manchester
M2 3AE

24 December 2019

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2019

	Note	**31 March 2019 Total £000**	31 March 2018 Total £000
Turnover	*2*	**71,148**	67,615
Cost of sales		**(57,714)**	(53,997)
Gross profit		**13,434**	13,618
Administrative expenses		**(5,124)**	(7,704)
Operating profit	*3-5*	**8,310**	5,914
Interest payable and similar charges	*6*	**(1,524)**	(1,282)
Profit on ordinary activities before taxation		**6,786**	4,632
Tax on profit on ordinary activities	*7*	**(1,214)**	(1,012)
Profit for the financial year		**5,572**	3,620

All amounts relate to continuing operations.

There are no recognised gains and losses other than those stated above and therefore no separate statement of other comprehensive income has been prepared.

The notes on pages 11 to 27 form part of these financial statements.

Balance Sheet
at 31 March 2019

	Note	**31 March 2019**		31 March 2018	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*8*		**1,046**		1,416
Tangible assets	*9*		**53,702**		43,636
			54,748		45,052
Current assets					
Stock	*10*	**573**		437	
Debtors	*11*	**12,420**		11,823	
Cash at bank and in hand	*12*	**1,372**		2,708	
		14,365		14,968	
Creditors: amounts falling due within one year	*13*	**(20,424)**		(21,444)	
Net current liabilities			**(6,059)**		(6,476)
Total assets less current liabilities			**48,689**		38,576
Creditors: amounts falling due after more than one year	*14*		**(35,950)**		(29,798)
Provisions for liabilities					
Deferred tax	*16*		**(2,284)**		(1,535)
Net assets			**10,455**		7,243
Capital and reserves					
Called up share capital	*18*		**-**		-
Profit and loss account			**10,455**		7,243
Total shareholders' funds			**10,455**		7,243

The notes on pages 11 to 27 form part of these financial statements.

These financial statements were approved by the Board of directors on 24 December 2019 and were signed on its behalf by:

David Cox
Director

Company registered number: 09403776

Statement of Changes in Equity

	Called up Share capital £000	Profit & loss account £000	Total Shareholders' funds £000
Balance at 1 April 2017	-	9,773	9,773
Total comprehensive income for the period			
Profit	-	3,620	3,620
Total comprehensive income for the period	-	**3,620**	**3,620**
Transactions with owners, recorded directly in equity			
Dividends paid	-	(6,150)	(6,150)
Total transactions with owners	-	(6,150)	(6,150)
Balance at 31 March 2018	-	**7,243**	**7,243**
Total comprehensive income for the period			
Profit	-	5,572	5,572
Total comprehensive income for the period	-	**5,572**	**5,572**
Transactions with owners, recorded directly in equity			
Dividends paid	-	(2,360)	(2,360)
Total transactions with owners	-	(2,360)	(2,360)
Balance at 31 March 2019	-	**10,455**	**10,455**

The notes on pages 11 to 27 form part of these financial statements.

Cash Flow Statement
for the year ended 31 March 2019

	Note	31 March 2019 £000	31 March 2018 £000
Cash flows from operating activities			
Profit for the year		**5,572**	3,620
Adjustments for:			
Depreciation, amortisation and impairment	8/9	**8,208**	9,363
Taxation	7	**1,214**	1,012
Interest	6	**1,524**	1,282
(Profit)/loss on disposal of assets		**(1,006)**	89
		15,512	15,366
(Increase) in stock		**(136)**	(270)
Decrease/(Increase) in trade and other debtors		**(596)**	(2,895)
(Decrease)/Increase in trade and other creditors		**(2,327)**	10,920
		12,453	23,121
Interest paid		**(1,524)**	(1,282)
Tax paid		**(130)**	(328)
Net cash from operating activities		**10,799**	21,511
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**5,995**	2,906
Acquisition of tangible fixed assets		**(14,186)**	(12,518)
Net cash from investing activities		**(8,191)**	(9,612)
Cash flows from financing activities			
Proceeds from bank loan	15	**2,500**	694
Payment on finance lease liabilities		**(4,084)**	(2,868)
Loan repayment to shareholders		**-**	(1,200)
Dividend payments		**(2,360)**	(6,150)
Net cash from financing activities		**(3,944)**	(9,524)
Net (decrease)/increase in cash and cash equivalents		**(1,336)**	2,375
Cash and cash equivalents at start of the year		**2,708**	333
Cash and cash equivalents at end of year		**1,372**	2,708

The notes on pages 11 to 27 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Explore Transport Limited (the "Company") is a private Company limited by shares and incorporated, domiciled and registered in the UK. The registered number is 09403776 and the registered address is Bridge Place, Anchor Boulevard, Admirals Park, Crossways, Dartford, Kent, DA2 6SN.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Notwithstanding net current liabilities of £6.1m as at 31 March 2019 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.
The Company meets its day to day working capital requirements through a combination of an invoice discounting facility and an inventory facility provided by its lenders which were £5.8m and £22.4m at the balance sheet date. The Company has remained within its facility limits and applicable financial covenants for the financial year and since the year end to date.

The directors have also prepared cash flow forecasts for a period through to its 31 March 2021 year end which indicate that, taking account of reasonably possible downside scenarios, the Company will have sufficient funds through these facilities, to meet liabilities as they fall due. The facilities are available to the Company for the entire forecast period and are not due for renewal until June 2024. However, the Company's forecasts indicate that in both a base case and downside scenario the Company will breach its tangible net worth covenant which is assessed at 31 March 2020 and 31 March 2021.

As well, the cash flow forecasts prepared by the Company assume continued reliance on trade with Laing O'Rourke which as a joint venture partner currently accounts for the vast majority of revenues. In Laing O'Rourke's latest annual report for the year ended 31 March 2019 Laing O'Rourke Corporation Limited disclosed factors which indicate the existence of a material uncertainty which may cast significant doubt about its ability to continue as a going concern. An extract from the Laing O'Rourke Corporation Limited financial statements (note 2.2, page 35) for the year ended 31 March 2019 is included below:

The Board has carefully considered those factors likely to affect the Group's future development, performance and financial position in relation to the ability of the Group to operate within its current and foreseeable resources, financial and operational. The Group has financial resources, committed banking facilities, long-term contracts and a strong order book. For these reasons, the directors continue to adopt the going concern basis in preparing the Group's financial statements.

However, the Group's performance in the medium term is dependent on:
– A number of market and macroeconomic factors including the impact of market confidence and the impact of Brexit; and
– The conversion of the Group's order book and replenishing the future pipeline of work over the next 18 months.

The inability to achieve one or more of the above could have a negative impact on cashflow and potentially the Group's banking covenants. As such, these factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern *(continued)*

The loss of Laing O'Rourke as a major customer would likely have a significant negative impact on the Company's cashflow given its current and forecasted dependence. This in turn would impact the ability to comply with covenants and operate within the facility limits as set out under the terms of the master facilities agreement with its lender, PNC.

A breach of covenant would constitute in a defaulting event under the terms of the master facilities agreement with its lender, PNC. The consequences of a defaulting event could be severe and lead to a demand for immediate payment of all funds in use and ultimately cancellation of the facilities.

Based on the above indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.3 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Financial assets and liabilities

The carrying amounts of the financial assets and liabilities include assets measured at cost less impairment and loan commitments measured at cost less impairment.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described in note 1.10 below

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Plant and equipment 1 - 10 years
- Motor vehicles 1 - 6 years
- Leased building 3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

1.7 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Turnover

Turnover represents the value, net of value added tax, of services supplied to customers during the year. The point of recognition is the delivery of goods or services to the customer.

1.10 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in the profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in the profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

1.11 Business combinations

Business combinations occurring with external third parties are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the Company.

The Company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 Intangible assets

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs.

Other development expenditure is recognised in the profit and loss account as an expense as incurred.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Customer contracts - over the minimum expected life of the customer relationship (5 years)

The basis for choosing these useful lives is the useful life of the assets to which these intangible assets relate.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.13 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

Notes *(continued)*

2 Turnover

Turnover for the year relates entirely to the provision of services to customers in the United Kingdom and is split between business divisions as follows:

	2019 £000	2018 £000
Transport	24,376	17,218
Plant	46,772	50,397
	71,148	67,615

3 Expenses and auditor's remuneration

Auditor's remuneration:	2019 £000	2018 £000
Audit of these financial statements	49	44
Amounts receivable by the Company's auditor and its associates in respect of:		
Taxation compliance services	6	5

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2019	2018
Office and management	103	90
Production and sales	175	133
	278	223

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	11,187	8,608
Social security costs	1,133	872
Contributions to defined contribution plans	448	251
	12,768	9,731

Notes *(continued)*

5 Directors' remuneration

	2019 £000	2018 £000
Directors' remuneration	**277**	101
Company contributions to money purchase pension plans	**22**	14
	299	115

	Number of directors 2019	2018
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**2**	1

6 Interest payable and similar charges

	2019 £000	2018 £000
Bank loans	**978**	769
Other loans	**546**	513
	1,524	1,282

Notes *(continued)*

7 Taxation

	2019		2018	
	£000	**£000**	£000	£000
Current tax				
Current tax on income for the period	**904**		1,451	
Over provision in prior periods	**(439)**		(414)	
Total current tax charge		**465**		1,037
Deferred tax (see note 16)				
Origination and reversal of timing differences	**359**		(502)	
Under provision in prior periods	**390**		477	
Total deferred tax charge/(credit)		**749**		(25)
Total tax charge		**1,214**		1,012

Reconciliation of effective tax rate

	2019	2018
	£000	£000
Profit for the year	**5,572**	3,620
Total tax expense	**1,214**	1,012
Profit excluding taxation	**6,786**	4,632
Tax using the UK corporation tax rate of 19% (2018: 19%)	**1,289**	880
Income/expenses not deductible for tax purposes	**6**	10
Adjustments in respect of prior periods	**(49)**	63
Adjustments for tax rates	**(32)**	59
Total tax expense included in profit or loss	**1,214**	1,012

Factors affecting the future current and total tax charges

A reduction in the rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 March 2019 has been calculated based on a rate of 17% (2018: 17%).

Notes *(continued)*

8 Intangible assets

	Customer contracts £000
Cost	
At 1 April 2018 and 31 March 2019	**1,849**
Amortisation and impairment	
At 1 April 2018	(433)
Amortisation charge for the year	(370)
Balance at 31 March 2019	**(803)**
Net book value	
At 31 March 2019	**1,046**
At 31 March 2018	1,416

Amortisation charge

The amortisation charge is recognised in cost of sales.

Notes *(continued)*

9 Tangible fixed assets

Tangible fixed assets

	Leased Building £000	Plant and Equipment £000	Motor Vehicles £000	Total £000
Cost				
Balance at 1 April 2018	89	44,339	9,548	53,976
Additions	47	15,047	7,799	22,893
Disposals	-	(7,744)	(1,436)	(9,180)
Balance at 31 March 2019	**136**	**51,642**	**15,911**	**67,689**
Depreciation and impairment				
Balance at 1 April 2018	(17)	(8,694)	(1,629)	(10,340)
Depreciation charge for the year	(31)	(5,942)	(1,865)	(7,838)
Disposals	-	3,630	561	4,191
Balance at 31 March 2019	**(48)**	**(11,006)**	**(2,933)**	**(13,987)**
Net book value				
At 31 March 2018	72	35,645	7,919	43,636
At 31 March 2019	**88**	**40,636**	**12,978**	**53,702**

Leased plant and machinery

During the year £8,464k (2018: £5,341k) of assets held under finance lease relating to plant and machinery and equipment were acquired. At 31 March 2019 the net carrying amount of these assets was £8,046k (2018: £5,098k).

10 Stock

	2019 £000	2018 £000
Consumables	573	437
	573	437

11 Debtors

	2019 £000	2018 £000
Trade debtors	2,844	1,540
Amounts due from related parties (note 20)	7,470	8,923
Prepayments and accrued income	1,137	867
Other debtors	969	493
	12,420	11,823

The amounts due from related parties are payable on demand and do not accrue interest.

Notes *(continued)*

12 Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	**1,372**	2,708

13 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	**3,770**	5,774
Amounts due to related parties (note 20)	**621**	629
Taxation and social security	**853**	638
Corporation tax	**1,410**	1,075
Other creditors	**5,952**	4,835
Finance lease liabilities (note 15)	**4,238**	3,266
Accruals and deferred income	**3,580**	5,227
	20,424	21,444

Amounts due to related parties are repayable on demand and accrue no interest.

14 Creditors: amounts falling due after more than one year

	2019 £000	2018 £000
Bank loans	**22,442**	19,942
Finance lease liabilities (note 15)	**13,508**	9,856
	35,950	29,798

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2019 £000	2018 £000
Creditors falling due within one year		
Finance lease liabilities	**4,238**	3,266
Creditors falling due in more than one year		
Bank loans	**22,442**	19.942
Finance lease liabilities	**13,508**	9.856

Notes *(continued)*

15 Interest-bearing loans and borrowings *(continued)*

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	2019 £000
Bank loans	£	2.25-2.50%+ base	2023	22,442
Finance lease liabilities	£	2.85 - 4%	2019-2025	17,746

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2019 £000	Minimum lease payments 2018 £000
Less than one year	4,238	3,266
Between one and five years	13,396	8,136
More than five years	112	1,720
	17,746	13,122

16 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2019 £000	2018 £000
Arising on business combination	-	241
Accelerated capital allowances	2,135	1,303
Other short-term timing differences	149	(9)
Net tax liabilities	2,284	1,535

The movement in the deferred tax liability relates to origination and reversal of timing differences and under provision in prior periods recognised in the profit and loss account (note 7).

17 Employee benefits

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £448k (2018: £251k).

Notes *(continued)*

18 Called up share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
2 ordinary shares of £1 each	**2**	2

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019	2018
	£000	£000
Less than one year	**168**	192
Between one and five years	**156**	223
	324	415

During the year £152k was recognised as an expense in the profit and loss account in respect of operating leases (2018: £167k)

20 Related parties

Identity of related parties with which the Company has transacted
The Company is jointly controlled by Select Plant Hire Company Limited, a subsidiary within the Laing O'Rourke Group of companies, and WS Transport Limited.
During the year, the Company predominately transacted with companies within the Laing O'Rourke group including but not exclusive to Laing O'Rourke Construction Limited, Select Plant Hire Company Limited, Explore Manufacturing Limited, Laing O'Rourke Manufacturing Limited, Glass Reinforced Concrete UK Limited and Crown House Technologies Limited.
During the year, the Company supplied plant hire to other joint venture arrangements within the Laing O'Rourke group, Flo JA, BYLOR JA and Tamesis JA.
Select Plant Hire Company Limited also supply plant and vehicles on a rental contract with repairs and maintenance as required and provide certain IT and telephony services to the Company.
WS Transportation Limited and WS Tanker Logistics Limited receive and provide general haulage services on an ad-hoc basis.
The Company, through the 50% ownership of WS Transport Limited, is subject to the influence of a common shareholder with Eddie Stobart Limited which provides the hire of vehicle and drivers as required. Similarly, the same applies to Oakfield Manor Estates Limited and Oakfield Capital Limited which hired plant during the year and provide rental of storage and premises.

Notes *(continued)*

20 Related parties (continued)

Other related party transactions

	Sales 2019 £000	Cost of Sales 2019 £000	Sales 2018 £000	Cost of Sales 2018 £000
Sales to/purchases from Laing O'Rourke	52,663	-	57,213	348
Sales to/purchases from Laing O'Rourke Construction Limited	-	566	-	-
Sales to/purchases from Select Plant Hire Company Limited	3,348	2,326	4,049	3,027
Sales to/purchases from Explore Manufacturing Limited	658	64	425	50
Sales to/purchases from Laing O'Rourke Manufacturing Limited	(6)	-	171	-
Sales to/purchases from Glass Reinforced Concrete UK Limited	36	-	61	-
Sales to/purchases from WS Transportation Limited	38	1,737	178	326
Sales to/purchases from WS Tanker Logistics Limited	3	124	-	-
Sales to/purchases from WS Transport Limited	-	-	-	104
Sales to/purchases from Eddie Stobart Limited	-	633	11	231
Sales to/purchases from Crown House Technologies Limited	230	-	280	4
Sales to/purchases from Flo JA	296	-	27	-
Sales to/purchases from BYLOR JA	3,250	-	1,652	-
Sales to/purchases from Tamesis JA	480	-	392	-
Sales to/purchases from Oakfield Manor Estates Limited	6	640	2	-
Sales to/purchases from Oakfield Capital Limited	-	16	-	-
	61,002	6,106	64,461	4,090

	Receivables Outstanding 2019 £000	Creditors outstanding 2019 £000	Receivables outstanding 2018 £000	Creditors outstanding 2018 £000
Amounts due from/to Laing O'Rourke	5,243	-	7,125	-
Amounts due from/to Laing O'Rourke Utilities IR	1	-	-	-
Amounts due from/to Select Plant Hire Company Limited	1,003	583	1,129	479
Amounts due from/to Explore Manufacturing Limited	45	-	166	-
Amounts due from/to Glass Reinforced Concrete UK Limited	43	-	10	-
Amounts due from/to WS Transportation Limited	11	20	64	55
Amounts due from/to WS Transport Limited	-	-	-	46
Amounts due from/to WS Tanker Logistics Limited	-	1	-	-
Amounts due from/to Eddie Stobart Limited	-	17	-	49
Amounts due from/to Crown House Technologies Limited	32	-	31	-
Amounts due from/to Oakfield Manor Estates Limited	-	-	3	-
Amounts due from/to Flo JA	121	-	19	-
Amounts due from/to BYLOR JA	902	-	270	-
Amounts due from/to Tamesis JA	69	-	106	-
	7,470	621	8,923	629

Notes *(continued)*

21 Accounting estimates and judgements

Key sources of estimation uncertainty

The Company believes that the key sources of estimation uncertainty are in respect of the useful lives and residual values of fixed assets and the recoverability of receivables.

In order to mitigate against the estimation uncertainty in respect of fixed assets, the estimated useful lives and residual values are periodically reviewed and reassessed by management if necessary.

In respect of the recoverability of amounts receivable, the majority of balances outstanding at 31 March 2019 are owed by companies within the Laing O'Rourke group of companies and therefore the Company believes that the risk around their recoverability is minimal.

22 Ultimate controlling party

The Company has no ultimate controlling party, being jointly owned and controlled by WS Transport Ltd, registered address: 15 Rosehill, Montgomery Way, Rosehill Estate, Carlisle, Cumbria, CA1 2RW and Select Plant Hire Company Limited (a subsidiary of the Laing O'Rourke Corporation Limited Group), registered address: Bridge Place, Anchor Boulevard, Admirals Park, Crossways, Dartford, Kent, DA2 6SN.