

EXPLORE TRANSPORT LIMITED

FINANCIAL STATEMENTS

31 MARCH 2020

ArmstrongWatson[®]

Accountants, Business & Financial Advisers



EXPLORE TRANSPORT LIMITED

COMPANY INFORMATION

Directors	B G Cooper D N Cox A S McIntyre (appointed 11 November 2019)
Company secretary	E Rigler
Registered number	09403776
Registered office	Bridge Place Anchor Boulevard Admirals Park, Crossways Dartford Kent DA2 6SN
Independent auditors	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditor Third Floor 10 South Parade Leeds West Yorkshire LS1 5QS

EXPLORE TRANSPORT LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

Introduction

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2020.

Business review

The principal activity of the company for the year under review was that of the provision of specialist haulage, logistics and plant hire services primarily to the construction sector.

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and the company's position at the year end. The review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties faced.

Principal risks and uncertainties

The business environment in which the company operates continues to be challenging. The wider construction and logistics sectors in the UK are highly competitive and the risk of material price competition continues to be a principal risk for the business.

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

Financial risk

The company's operations expose it to a variety of financial risks that include the effect of changes in credit, liquidity and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company. The company does not use derivative financial instruments to manage interest rate costs.

Credit risk

The directors mitigate credit risk by carrying out credit checks, regularly reviewing aged and overdue accounts and taking out credit insurance.

Liquidity risk

The directors believe that the company has sufficient funds available to support its activities in the future.

Brexit risk

The directors are aware of the risks and uncertainties surrounding the UK's withdrawal from the European Union. Whilst the company has limited exposure to the direct uncertainty created by in respect of the various risks mentioned, the directors are aware that any future plans may be subject to unforeseen circumstances outside of the directors' control. The company has therefore implemented policies that maintained a strong balance sheet to minimise these risks and allow the continuing operational capabilities of the business.

COVID-19

The directors are aware of the risks and uncertainties surrounding the global pandemic COVID-19 outbreak during March 2020. The directors are aware that any future plans may be subject to unforeseen circumstances outside of the directors' control. Further details of how the company has minimised these risks can be seen in the notes to the financial statements.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Financial key performance indicators

The directors consider the key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, being turnover, gross margin and profitability before taxation. Details of these can be seen within the body to the financial statements.

Other 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 the fleet is the main factor underpinning operational returns.

Directors' statement of compliance with duty to promote the success of the Company

The directors believe in building long term, strong and sustainable relationships with our customers, suppliers and financial stakeholders. This approach has enabled us to win long term contracts of supply with our customers.

The company actively plays a part within the local community as it aims to employ local people and utilise the services of local companies as far as possible. The directors are committed to employees' health, well being and training engaging with external training specialists and providing in-house sessions for team leaders and managers during working time.

Our strategy will only lead to the long-term success of the company through the engagement and support of our stakeholders. Throughout the planning of strategies around key areas such as diversity, the wellbeing of our people, relationships with suppliers, partnerships, the local community and environment, the Board considers the impact of its decisions on stakeholders in accordance with s172 of the Companies Act 2006. After weighing up the relevant factors, the Board considers which course of action best leads to the long-term success of the company and a reputation amongst our stakeholders as a company with high standards of business conduct, operating in an ethical and responsible manner in relation to all stakeholders.

This report was approved by the board and signed on its behalf.



D N Cox
Director

Date: 21/09/2020

EXPLORE TRANSPORT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Results and dividends

The loss for the year, after taxation, amounted to £1,677k (2019 - profit £5,572k).

The directors have not recommended a final dividend.

Directors

The directors who served during the year were:

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

Future developments

The directors are not expecting to make any significant changes in the nature of the business in the near future.

EXPLORE TRANSPORT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

Engagement with employees

It is company policy that employees should be kept as fully informed as practical concerning the activities of the company.

The company recognises the high standards required to ensure the health, safety and welfare of its employees at work, its customers and the general public. Company policies in this regard are regularly reviewed with the object of ensuring that these standards are achieved.

Streamlined Energy and Carbon Reporting

	UK and offshore (mandatory)
Total Energy Consumption (kWh)	47,997,723.89
Energy Consumption for diesel used for heating (kWh)	424,320.35
Energy Consumption for electricity (kWh)	625,884.33
Energy Consumption for transport (kWh)	46,947,519.22
Emissions from combustion of diesel used for heating (Scope 1) (tCO ₂ e)	108.93
Emissions from combustion of fuel for transport purposes (Scope 1) (tCO ₂ e)	11,394.76
Emissions from purchased electricity (Scope 2) (tCO ₂ e)	24.48
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) (tCO ₂ e)	145.92
Total Emissions (tCO ₂ e)	11,674.09
Intensity Ratio (tCO ₂ e/deliveries made)	0.19

Methodology

The 2019 HM Government Environmental Reporting Guidelines, GHG Reporting Protocol – Corporate Standard have been followed and the 2020 UK Government's Conversion Factors for Company Reporting have been used.

Intensity Ratio

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per delivery made.

Energy Efficiency Action

All HGV drivers undertake a Fleet Operator Recognition Scheme (FORS) E-Learning course, which briefs them on fuel efficient driving techniques.

All units are Euro 6 Standard. This means that the vehicles used reach the lower emission outputs demanded by these standards, thereby limiting their emissions and impact on the environment.

Occupancy and time sensor operated lighting is maintained in our depots which ensures lighting is turned off when staff are not present. Offices are manned by security 24/7 and non-essential lighting is turned off during quieter operational hours.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Engagement with suppliers, customers and others

The directors believe in building long term, strong and sustainable relationships with our customers and suppliers. This approach has enabled us to win long term contracts of supply with our customers.

The company actively plays a part within the local community as it aims to employ local people and utilise the services of local companies as far as is possible. The directors are committed to employees' health, wellbeing and training engaging with specialists for external training and providing in-house sessions for team leaders and managers during working time.

The company is an equal opportunities employer. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. All disabled employees are eligible for training and promotion and, within the limits of their disabilities, are given equal consideration with other applicants.

Matters covered in the strategic report

Information is not shown in the directors' report because it is shown in the strategic report under s414C(11). The strategic report includes a business review, principal risks and uncertainties and financial key performance indicators.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

Other than the ongoing effects of COVID-19, there have been no significant events affecting the Company since the year end.

Auditors

On 14 May 2020 KPMG LLP resigned as the company's auditors and Armstrong Watson Audit Limited was subsequently appointed to fill the vacancy arising.

The auditors, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

This report was approved by the board and signed on its behalf.



D N Cox
Director

Date: 21/09/2020

EXPLORE TRANSPORT LIMITED

INDEPENDENT AUDITORS' 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 2020, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss 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 United Kingdom, including the Financial Reporting Council'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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the going concern disclosures made in note 2.2 of the accounting policy section of the financial statements and the notes to the financial statements concerning the company's ability to continue as a going concern.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXPLORE TRANSPORT LIMITED
(CONTINUED)**

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, 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

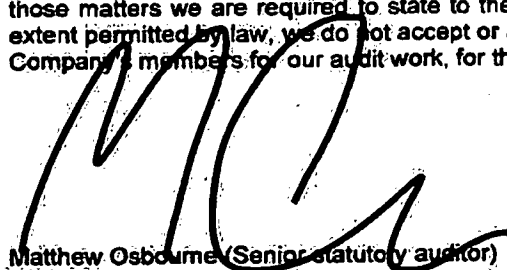
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

EXPLORE TRANSPORT LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXPLORE TRANSPORT LIMITED
(CONTINUED)**

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.



Matthew Osborne (Senior statutory auditor)
for and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants
Statutory Auditor
Leeds
Date: 21/09/2020

EXPLORE TRANSPORT LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £000	2019 £000
Turnover	4	57,750	71,148
Cost of sales		(47,197)	(57,714)
Gross profit		10,553	13,434
Administrative expenses		(10,592)	(5,124)
Operating (loss)/profit		(39)	8,310
Interest payable and expenses	9	(1,657)	(1,524)
(Loss)/profit before tax		(1,696)	6,786
Tax on (loss)/profit	10	19	(1,214)
(Loss)/profit for the financial year		(1,677)	5,572

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 14 to 33 form part of these financial statements.

EXPLORE TRANSPORT LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	12	676	1,046
Tangible assets	13	50,464	53,702
		<u>51,140</u>	<u>54,748</u>
Current assets			
Stocks	14	610	573
Debtors: amounts falling due within one year	15	10,834	12,420
Cash at bank and in hand	16	3,075	1,372
		<u>14,519</u>	<u>14,365</u>
Creditors: amounts falling due within one year	17	(19,247)	(20,424)
Net current liabilities		<u>(4,728)</u>	<u>(6,059)</u>
Total assets less current liabilities		<u>46,412</u>	<u>48,689</u>
Creditors: amounts falling due after more than one year	18	(35,467)	(35,950)
Provisions for liabilities			
Deferred tax	21	(2,387)	(2,284)
		<u>(2,387)</u>	<u>(2,284)</u>
Net assets		<u><u>8,558</u></u>	<u><u>10,455</u></u>
Capital and reserves			
Called up share capital	22	-	-
Profit and loss account		8,558	10,455
		<u><u>8,558</u></u>	<u><u>10,455</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



D N Cox
Director
Date: 21/09/2020

The notes on pages 14 to 33 form part of these financial statements.

EXPLORE TRANSPORT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2018	-	7,243	7,243
Profit for the year	-	5,572	5,572
Dividends: Equity capital	-	(2,360)	(2,360)
At 1 April 2019	-	10,455	10,455
Loss for the year	-	(1,677)	(1,677)
Dividends: Equity capital	-	(220)	(220)
At 31 March 2020	-	<u>8,558</u>	<u>8,558</u>

The notes on pages 14 to 33 form part of these financial statements.

EXPLORE TRANSPORT LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

	2020 £000	2019 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	(1,677)	5,572
Adjustments for:		
Amortisation of intangible assets	370	370
Depreciation of tangible assets	8,684	7,838
Loss on disposal of tangible assets	140	(1,006)
Interest paid	1,657	1,524
Taxation charge	(19)	1,214
(Increase) in stocks	(37)	(136)
Decrease/(increase) in debtors	1,586	(596)
Increase/(decrease) in creditors	604	(2,327)
Corporation tax paid	(1,034)	(130)
Net cash generated from operating activities	<u>10,274</u>	<u>12,323</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(8,817)	(14,186)
Sale of tangible fixed assets	5,565	5,995
Net cash from investing activities	<u>(3,252)</u>	<u>(8,191)</u>
Cash flows from financing activities		
New secured loans	641	2,500
Repayment of/new finance leases	(4,083)	(4,084)
Dividends paid	(220)	(2,360)
Interest paid	(1,657)	(1,524)
Net cash used in financing activities	<u>(5,319)</u>	<u>(5,468)</u>
Net increase/(decrease) in cash and cash equivalents	<u>1,703</u>	<u>(1,336)</u>
Cash and cash equivalents at beginning of year	1,372	2,708
Cash and cash equivalents at the end of year	<u><u>3,075</u></u>	<u><u>1,372</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,075	1,372
	<u><u>3,075</u></u>	<u><u>1,372</u></u>

The notes on pages 14 to 33 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. General information

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 have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates. All amounts in the financial statements have been rounded to the nearest £1,000.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered the on-going situation with regard to COVID-19 as part of their going concern assessment notwithstanding the net current liabilities position at the year end.

In common with many businesses across the country, the lockdown measures announced by UK government in March 2020 have had a material impact on the company's ability to generate revenue in the subsequent months, which has impacted on the company's cash position. In order to mitigate any short term cash shortfall, the company has accessed government support where appropriate and sought the support of its lenders.

In reaching their conclusion, the directors have considered current trading information and prepared cashflow forecasts that cover a period of 12 months from the date of sign off. More recent management information indicates a return to pre-lockdown levels of trading activity and forecasts prepared by the directors assume a continuation of this trend, albeit with sensitivities applied as appropriate.

Notwithstanding this improvement in profitability, the directors do expect the company to be in breach of its borrowing covenants following the year end. The lender concerned has indicated their continued support of the company to the extent that they have confirmed, in writing, that they have taken and propose no action as a result of this breach. This does not constitute a waiver of the covenant, however, it does ensure that the existing facilities remain in place until the lender indicates otherwise.

In the opinion of the directors, based on the facts outlined above, the assumption regarding the continued availability of the company's borrowing facilities, represents a material uncertainty which may give rise to a significant doubt over the company's ability to continue as a going concern.

Notwithstanding that fact, and after consideration of all other factors, the directors continue to adopt the going concern basis in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.5 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.6 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Customer contracts	- 5 years
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2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.12 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Debtors

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

2.15 Cash and cash equivalents

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

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.16 Creditors

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

2.17 Financial instruments

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

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

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

EXPLORE TRANSPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will be, by definition, seldom equal to the related actual results.

The directors consider the key accounting estimates to be the useful life and residual value of assets, provision for trade debtors and work-in-progress recoverability.

The useful lives and residual values of assets are reviewed on an ongoing basis by the directors.

Provisions for trade debtors are reviewed by the directors on an ongoing basis who use their specific industry knowledge and experience to ensure the correct judgements.

In preparing the financial statements the directors have also considered the likelihood of any post year end impairment to asset values that may have arisen as a result of the COVID-19 pandemic. The directors have concluded that no such impairment has arisen and, accordingly, there has no material diminution in asset values following the year end.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £000	2019 £000
Transport	25,806	24,376
Plant	31,944	46,772
	<u>57,750</u>	<u>71,148</u>

All turnover arose within the United Kingdom.

5. Operating (loss)/profit

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

	2020 £000	2019 £000
Amortisation of intangible fixed assets	370	370
Depreciation of tangible fixed assets	8,708	7,838
Other operating lease rentals	192	152
Pension costs	<u>634</u>	<u>448</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

6. Auditors' remuneration

	2020	2019
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>35</u>	<u>49</u>
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	<u>-</u>	<u>6</u>
	<u>-</u>	<u>6</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2020	2019
	£000	£000
Wages and salaries	12,917	11,187
Social security costs	1,291	1,133
Cost of defined contribution scheme	634	448
	<u>14,842</u>	<u>12,768</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020	2019
	No.	No.
Office and management	110	103
Production and sales	204	175
	<u>314</u>	<u>278</u>

EXPLORE TRANSPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

8. Directors' remuneration

	2020	2019
	£000	£000
Directors' remuneration	334	250
Company contributions to defined contribution pension schemes	49	22
	<u>383</u>	<u>272</u>

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £174k (2019 - £158k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £26k (2019 - £14k).

9. Interest payable and similar expenses

	2020	2019
	£000	£000
Bank loans	1,017	978
Finance lease interest	640	546
	<u>1,657</u>	<u>1,524</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on income for the period	(311)	904
Over provision in prior periods	189	(439)
	<u>(122)</u>	<u>465</u>
Total current tax	<u>(122)</u>	<u>465</u>
Deferred tax		
Origination and reversal of timing differences	271	359
Over provision in prior periods	(168)	390
	<u>103</u>	<u>749</u>
Total deferred tax	<u>103</u>	<u>749</u>
Taxation on (loss)/profit on ordinary activities	<u>(19)</u>	<u>1,214</u>
Factors affecting tax charge for the year		
The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:		
	2020 £000	2019 £000
(Loss)/profit on ordinary activities before tax	<u>(1,696)</u>	<u>6,786</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(322)	1,289
Effects of:		
Expenses not deductible for tax purposes	30	6
Adjustments in respect of prior periods	22	(48)
Unrelieved tax losses carried forward	2	-
Adjustment for change in enacted future tax rates	249	(33)
Total tax charge for the year	<u>(19)</u>	<u>1,214</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. Taxation (continued)**Factors that may affect future tax charges**

A reduction in the rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective 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. However, At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%. The deferred tax balances at 31 March 2020 have therefore been calculated based on a rate of 19% (2019: 17%).

11. Dividends

	2020	2019
	£000	£000
Dividends paid on equity capital	220	2,360
	<u>220</u>	<u>2,360</u>

12. Intangible assets

	Customer contracts £000
Cost	
At 1 April 2019	1,849
At 31 March 2020	<u>1,849</u>
Amortisation	
At 1 April 2019	803
Charge for the year on owned assets	370
At 31 March 2020	<u>1,173</u>
Net book value	
At 31 March 2020	<u>676</u>
At 31 March 2019	<u>1,046</u>

Amortisation charge

The amortisation charge is recognised in cost of sales.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

13. Tangible fixed assets

	Leased building £000	Plant & equipment £000	Motor vehicles £000	Total £000
Cost or valuation				
At 1 April 2019	136	51,642	15,911	67,689
Additions	-	6,806	4,321	11,127
Disposals	-	(5,223)	(5,069)	(10,292)
At 31 March 2020	136	53,225	15,163	68,524
Depreciation				
At 1 April 2019	48	11,006	2,933	13,987
Charge for the year on owned assets	39	5,553	-	5,592
Charge for the year on financed assets	-	635	2,481	3,116
Disposals	-	(2,588)	(2,117)	(4,705)
Impairment charge	-	-	70	70
At 31 March 2020	87	14,606	3,367	18,060
Net book value				
At 31 March 2020	49	38,619	11,796	50,464
At 31 March 2019	88	40,636	12,978	53,702

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £000	2019 £000
Plant and equipment	5,887	6,410
Motor vehicles	11,371	12,773
	<u>17,258</u>	<u>19,183</u>

EXPLORE TRANSPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

14. Stocks

	2020 £000	2019 £000
Consumables	610	573
	<u>610</u>	<u>573</u>

15. Debtors

	2020 £000	2019 £000
Trade debtors	4,165	2,844
Amounts due from related parties	4,882	7,470
Other debtors	332	969
Prepayments and accrued income	1,455	1,137
	<u>10,834</u>	<u>12,420</u>

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

16. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	3,075	1,372
	<u>3,075</u>	<u>1,372</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

17. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	3,931	3,770
Amounts due to related parties	362	621
Corporation tax	254	1,410
Other taxation and social security	2,016	853
Finance lease liabilities	3,612	4,238
Other creditors	6,463	5,952
Accruals and deferred income	2,609	3,580
	<u>19,247</u>	<u>20,424</u>

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

The following liabilities were secured:

	2020	2019
	£000	£000
Finance lease liabilities	3,612	4,238
Other creditors	6,284	5,794
	<u>9,896</u>	<u>10,032</u>

Details of security provided:

Obligations under finance lease and hire purchase liabilities are secured over the assets to which they relate. Other creditors under invoice discounting facilities are secured over the relevant trade debtors.

EXPLORE TRANSPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

18. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Bank loans	23,083	22,442
Finance lease liabilities	12,384	13,508
	35,467	35,950

The following liabilities were secured:

	2020 £000	2019 £000
Bank loans	23,083	22,442
Finance lease liabilities	12,384	13,508
	35,467	35,950

Details of security provided:

Obligations under finance lease and hire purchase liabilities are secured over the assets to which they relate. Bank loans are secured by way of a fixed and floating charge over all assets of the company as well as a negative pledge.

19. Loans

Analysis of the maturity of loans is given below:

	2020 £000	2019 £000
Amounts falling due 2-5 years		
Bank loans	23,083	22,442
	23,083	22,442

Bank loans fall due for repayment in 2023 and attract interest at rates between 2.25% - 2.5% above Bank of England base rate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £000	2019 £000
Within one year	3,612	4,238
Between 1-5 years	12,274	13,396
Over 5 years	110	112
	<u>15,996</u>	<u>17,746</u>

21. Deferred taxation

	2020 £000	2019 £000
At beginning of year	2,284	1,535
Charged to profit or loss	103	749
At end of year	<u>2,387</u>	<u>2,284</u>

The provision for deferred taxation is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	2,248	2,135
Other timing differences	139	149
	<u>2,387</u>	<u>2,284</u>

22. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 (2019 - 1) Ordinary A share of £1.00	1	1
1 (2019 - 1) Ordinary B share of £1.00	1	1
	<u>2</u>	<u>2</u>

The shares carry the same rights in respect of voting and dividend/capital distributions but do not confer any rights of redemption.

EXPLORE TRANSPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

23. Analysis of net debt

	At 1 April 2019 £000	Cash flows £000	New finance leases £000	At 31 March 2020 £000
Cash at bank and in hand	1,372	1,703	-	3,075
Bank loans	(22,442)	(641)	-	(23,083)
Finance leases	(17,746)	(6,283)	8,034	(15,995)
	<u>(38,816)</u>	<u>(5,221)</u>	<u>8,034</u>	<u>(36,003)</u>

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £634k (2019 - £448k). Contributions totalling £53k (2019 - £46k) were outstanding at the year end.

25. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Less than one year	190	168
Between one and five years	88	156
	<u>278</u>	<u>324</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

26. Related party transactions

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 JV, BYLOR JV and Tamesis JV.

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 received 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.

EXPLORE TRANSPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

26. Related party transactions (continued)

Sales to/purchases from	Sales 2020 £000	Purchases 2020 £000	Sales 2019 £000	Purchases 2019 £000
Laing O'Rourke	34,553	-	52,663	-
Laing O'Rourke Construction Limited	-	396	-	566
Select Plant Hire Company Limited	1,777	1,376	3,348	2,326
Explore Manufacturing Limited	407	82	658	64
Laing O'Rourke Manufacturing Limited	-	-	(6)	-
Glass Reinforced Concrete UK Limited	25	-	36	-
WS Transport Limited	-	36	-	-
WS Transportation Limited	-	64	38	1,737
WS Tanker Logistics Limited	-	168	3	124
Eddie Stobart Limited	2	152	-	633
Crown House Technologies Limited	295	-	230	-
Oakfield Manor Estates Limited	-	767	6	640
Oakfield Capital Limited	-	-	-	16
Flo JV	259	-	296	-
BYLOR JV	5,018	-	3,250	-
Tamesis JV	394	-	480	-
William Stobart and Son Limited	-	26	-	-
Chieftain Fleet Management Limited	-	420	-	-
Smith Bros Services Limited	2,219	80	-	-
WS Storage Solutions Limited	-	141	-	-
WS Specialist Logistics Limited	293	502	-	-
	<u>45,242</u>	<u>4,210</u>	<u>61,002</u>	<u>6,106</u>

EXPLORE TRANSPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

26. Related party transactions (continued)

Amounts due from/to	Debtors 2020 £000	Creditors 2020 £000	Debtors 2019 £000	Creditors 2019 £000
Select Plant Hire Company Limited	572	-	620	583
Explore Manufacturing Limited	171	19	45	-
Laing O'Rourke	3,311	-	5,243	-
Laing O'Rourke Utilities IR	-	-	1	-
Glass Reinforced Concrete UK Limited	20	-	43	-
WS Transportation Limited	-	40	11	20
WS Tanker Logistics Limited	-	12	-	1
Eddie Stobart Limited	3	-	-	17
Crown House Technologies Limited	13	-	32	-
Oakfield Manor Estates Limited	-	46	-	-
Flo JV	70	-	121	-
BYLOR JV	584	-	902	-
Tamesis JV	(10)	-	69	-
William Stobart & Son Limited	-	3	-	-
Chieftain Fleet Management Limited	-	2	-	-
Smith Bros Services Limited	-	12	-	-
Laing O'Rourke Construction Limited	-	212	-	-
WS Specialist Logistics Limited	148	16	-	-
	<u>4,882</u>	<u>362</u>	<u>7,087</u>	<u>621</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

27. Controlling party

The Company has no ultimate controlling party, being jointly owned and controlled by WS Transport Limited, 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.