

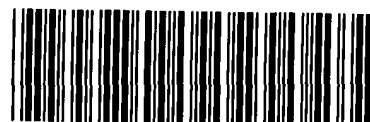
Explore Transport Limited

Annual report and financial statements

Registered number 09403776

Year ended 31 March 2018

THURSDAY



A20 *A7HRSPRT* #104
01/11/2018
COMPANIES HOUSE

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Strategic Report

Principal activities

Explore Transport Limited 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 transport and plant 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.

The acquisition of our new Plant and Tools division was a material step change in the size and structure of our business. The integration went smoothly and the first full year of trading has seen a steady state of month on month revenue and profit growth.

Financial results

Both the Transport and Plant divisions are performing in line with expectations with both investing in people and systems to facilitate future growth. Revenue demand is strong and so our profit growth strategy remains on track.

Future developments

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

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

A sustained investment programme in new plant hire assets is underway to continue to grow and upgrade our Plant and Tools fleet.

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 a number of 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. 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.

Funding new asset purchases to keep pace with our growth plans will be fundamental to achieving our forecasts. We have ambitious expansion plans for both our Plant and Transport fleets and we do not see a material risk of failing to deliver them. We have a profitable track record, a strong balance sheet and significant committed borrowing facilities together with excellent relationships with all our finance providers.

Signed on behalf of the Board



David Cox
Director

17/9/2018

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2018.

Research and development

Research and development expenditure is written off in the period in which it is incurred.

Dividends

Dividends of £6,150,000 were paid in the year (2017: £nil).

Directors

The directors who held office from 1 April 2017 to the date of this report are as follows:

D N Cox
D J Heynen

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.

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

17/9/ 2018

Bridge Place
Anchor Boulevard
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 2018 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 2018 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.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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.

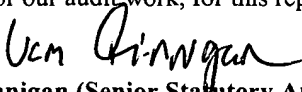
Auditor's responsibilities

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 (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peters Square
Manchester
M2 3AE

14th September 2018

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2018

	<i>Note</i>	31 March 2018 Total £000	31 March 2017 Total £000
Turnover	2	67,615	28,223
Cost of sales		(53,997)	(22,612)
Gross profit		13,618	5,611
Administrative expenses		(7,704)	(2,753)
Operating profit	3	5,914	2,858
Interest payable and similar charges	6	(1,282)	(381)
Profit on ordinary activities before taxation		4,632	2,477
Tax on profit on ordinary activities	7	(1,012)	(457)
Profit for the financial year		3,620	2,020

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 26 form part of these financial statements.

Balance Sheet
at 31 March 2018

	<i>Note</i>	31 March 2018		31 March 2017	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	8		1,416		1,787
Tangible assets	9		43,636		38,069
			<u>45,052</u>		<u>39,856</u>
Current assets					
Stock	10	437		167	
Debtors	11	11,823		8,928	
Cash at bank and in hand	12	2,708		333	
		<u>14,968</u>		<u>9,428</u>	
Creditors: amounts falling due within one year	13	<u>(21,444)</u>		<u>(9,873)</u>	
Net current liabilities			<u>(6,476)</u>		<u>(445)</u>
Total assets less current liabilities			<u>38,576</u>		<u>39,411</u>
Creditors: amounts falling due after more than one year	14		<u>(29,798)</u>		<u>(28,078)</u>
Provisions for liabilities					
Deferred tax	16		<u>(1,535)</u>		<u>(1,560)</u>
Net assets			<u>7,243</u>		<u>9,773</u>
Capital and reserves					
Called up share capital	18		-		-
Profit and loss account			<u>7,243</u>		<u>9,773</u>
Total shareholders' funds			<u>7,243</u>		<u>9,773</u>

The notes on pages 11 to 26 form part of these financial statements.

These financial statements were approved by the board of directors on
on its behalf by:

17/9/

2018 and were signed



David Cox
Director

Company registered number: 09403776

Statement of Changes in Equity

	Called up Share capital £000	Profit & loss account £000	Total shareholder's funds £000
Balance at 1 April 2016	-	700	700
Total comprehensive income for the period			
Profit	-	2,020	2,020
Total comprehensive income for the period	-	2,020	2,020
Transactions with owners, recorded directly in equity			
Capital contribution (see below)	-	7,053	7,053
Total transactions with owners	-	7,053	7,053
Balance at 31 March 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

The capital contribution relates to the acquisition of the Plant and Tools division from Select Plant Hire Company Limited in January 2017 and represents the excess of values on acquisition compared to consideration.

The notes on pages 11 to 26 form part of these financial statements.

Cash Flow Statement

for the year ended 31 March 2018

	<i>Note</i>	31 March 2018	31 March 2017
		£000	£000
Cash flows from operating activities			
Profit for the year		3,620	2,020
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	8/9	9,363	2,364
Taxation	7	1,012	457
Interest	6	1,282	381
Profit on disposal of assets		(89)	-
		<hr/> 15,188	<hr/> 5,222
 Increase in stock		 (270)	 -
Increase in trade and other debtors		(2,895)	(6,073)
Increase in trade and other creditors		10,920	2,985
(Decrease)/Increase in provisions		(24)	90
		<hr/> 22,919	<hr/> 2,224
 Interest paid		 (1,282)	 (381)
Tax paid		(304)	(234)
		<hr/>	<hr/>
Net cash from operating activities		21,333	1,609
		<hr/>	<hr/>
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		3,084	9
Acquisition of tangible fixed assets		(12,518)	(994)
Acquisition of Plant Hire business		-	(20,762)
		<hr/>	<hr/>
Net cash from investing activities		(9,434)	(21,747)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from bank loan	15	694	19,248
Payment on finance lease liabilities		(2,868)	(1,105)
Loan repayment to shareholders		(1,200)	-
Dividend payments		(6,150)	-
		<hr/>	<hr/>
Net cash from financing activities		(9,524)	18,143
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		2,375	(1,995)
Cash and cash equivalents at start of the year		333	2,328
		<hr/>	<hr/>
Cash and cash equivalents at end of year		2,708	333
		<hr/>	<hr/>

The notes on pages 11 to 26 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 22.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Despite net current liabilities at the year end, after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The Company is profit making and has a net asset position at 31 March 2018 of £7,243k (2017: £9,773k). Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

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"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

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.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

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 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 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.

At the acquisition date, 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 (continued)

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.

1.12 Intangible assets

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)

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

Accounting policies (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:

	2018 £000	2017 £000
Transport	17,218	20,703
Plant	50,397	7,520
	<u>67,615</u>	<u>28,223</u>

3 Expenses and auditor's remuneration

<i>Auditor's remuneration:</i>	2018 £000	2017 £000
Audit of these financial statements	44	36
Amounts receivable by the company's auditor and its associates in respect of: Taxation compliance services	5	4
	<u>5</u>	<u>4</u>

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	
	2018	2017
Office and management	90	41
Production and sales	133	78
	<u>223</u>	<u>119</u>

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	8,608	3,331
Social security costs	872	419
Contributions to defined contribution plans	251	83
	<u>9,731</u>	<u>3,833</u>

Notes *(continued)*

5 Directors' remuneration

	2018	2017
	£000	£000
Directors' remuneration	101	96
Company contributions to money purchase pension plans	14	14
	<hr/> 115 <hr/>	<hr/> 110 <hr/>

	Number of directors	
	2018	2017
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1
	<hr/> 1 <hr/>	<hr/> 1 <hr/>

6 Interest payable and similar charges

	2018	2017
	£000	£000
Bank loans	769	86
Other loans	513	295
	<hr/> 1,282 <hr/>	<hr/> 381 <hr/>

Notes (continued)

7 Taxation

	2018		2017	
	£000	£000	£000	£000
<i>Current tax</i>				
Current tax on income for the period	1,451		367	
Over provision in prior periods	(414)		-	
	<hr/>		<hr/>	
Total current tax charge		1,037		367
<i>Deferred tax (see note 16)</i>				
Origination and reversal of timing differences	(502)		116	
Over provision in prior period	477		(26)	
	<hr/>		<hr/>	
Total deferred tax (credit)/charge		(25)		90
		<hr/>		<hr/>
Total tax charge		1,012		457
		<hr/> <hr/>		<hr/> <hr/>
Reconciliation of effective tax rate				
	2018		2017	
	£000		£000	
Profit for the year	3,620		2,020	
Total tax expense	1,012		457	
	<hr/>		<hr/>	
Profit excluding taxation	4,632		2,477	
Tax using the UK corporation tax rate of 19% (2017: 20%)	880		495	
Income/Expenses not deductible for tax purposes	10		11	
Adjustments in respect of prior periods	63		(26)	
Difference in rate between deferred tax current tax	59		(23)	
	<hr/>		<hr/>	
Total tax expense included in profit or loss	1,012		457	
	<hr/> <hr/>		<hr/> <hr/>	

Factors affecting the future current and total 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 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 2018 has been calculated based on a rate of 17% (2017: 17%).

Notes *(continued)*

8 Intangible assets

	Customer contracts £000
Cost	
At 1 April 2017 and 31 March 2018	1,849
Amortisation and impairment	
At 1 April 2017	(62)
Amortisation charge for the year	(371)
	<hr/>
Balance at 31 March 2018	(433)
	<hr/>
Net book value	
At 31 March 2018	1,416
	<hr/>
At 31 March 2017	1,787
	<hr/>

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 2017	-	34,299	6,139	40,438
Additions	89	13,802	3,752	17,643
Disposals	-	(3,762)	(343)	(4,105)
Balance at 31 March 2018	89	44,339	9,548	53,976
Depreciation and impairment				
Balance at 1 April 2017	-	(1,699)	(670)	(2,369)
Depreciation charge for the year	(17)	(7,940)	(1,035)	(8,992)
Disposals	-	945	76	1,021
Balance at 31 March 2018	(17)	(8,694)	(1,629)	(10,340)
Net book value				
At 31 March 2017	-	32,600	5,469	38,069
At 31 March 2018	72	35,645	7,919	43,636

Leased plant and machinery

During the year £5,341k (2017: £10,329k) of assets held under finance lease relating to plant and machinery and equipment were acquired. At 31 March 2018 the net carrying amount of these assets was £5,098k (2017: £11,490k).

10 Stock

	2018 £000	2017 £000
Consumables	437	167
	437	167

11 Debtors

	2018 £000	2017 £000
Trade debtors	1,540	113
Amounts due from related parties (note 20)	8,923	7,492
Prepayments and accrued income	867	1,239
Other debtors	493	84
	11,823	8,928

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

Notes (continued)

12 Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	2,708	333

13 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	5,774	1,046
Amounts due to related parties (note 20)	629	1,468
Taxation and social security	638	1,051
Corporation tax	1,075	367
Other creditors	4,835	2,147
Finance lease liabilities (note 15)	3,266	2,125
Accruals and deferred income	5,227	1,669
	<u>21,444</u>	<u>9,873</u>

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

14 Creditors: amounts falling due after more than one year

	2018 £000	2017 £000
Bank loans	19,942	19,248
Finance lease liabilities (note 15)	9,856	8,830
	<u>29,798</u>	<u>28,078</u>

Post year end the bank facility agreement was extended to 30 June 2023 (see note 22).

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.

	2018 £000	2017 £000
Creditors falling due within one year		
Finance lease liabilities	3,266	2,125
Creditors falling due in more than one year		
Bank loans	19,942	19,248
Finance lease liabilities	9,856	8,830

Notes (continued)

15 Interest-bearing loans and borrowings (continued)

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	2018 £000
Bank loans	£	2.25-2.50%+ base	2021	19,942
Shareholder Loans	£	1%	n/a	-
Finance lease liabilities	£	2.85 - 4%	2018-2025	13,122

Post year end the bank facility agreement was extended to 30 June 2023 (see note 22).

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2018 £000	Minimum lease payments 2017 £000
Less than one year	3,266	2,125
Between one and five years	8,136	7,386
More than five years	1,720	1,444
	<u>13,122</u>	<u>10,955</u>

16 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2018 £000	2017 £000
Arising on business combination	241	304
Accelerated capital allowances	1,303	1,258
Other short term timing differences	(9)	(2)
Net tax liabilities	<u>1,535</u>	<u>1,560</u>

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 £251,000 (2017: £83,000).

Notes (continued)

18 Called up share capital

	2018 £000	2017 £000
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	-	-
	<u> </u>	<u> </u>

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:

	2018 £000	2017 £000
Less than one year	192	162
Between one and five years	223	68
	<u> </u>	<u> </u>
	415	230
	<u> </u>	<u> </u>

During the year £167k was recognised as an expense in the profit and loss account in respect of operating leases (2017: £162k)

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 Services 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 receives and provides general haulage services on an ad hoc basis. Repairs and maintenance are also provided as required.

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 which hired plant during the year.

Notes (continued)

20 Related parties (continued)

Other related party transactions

	Sales 2018 £000	Cost of Sales 2018 £000	Sales 2017 £000	Cost of Sales 2017 £000
Sales to/purchases from Laing O'Rourke	57,213	348	20,168	-
Sales to/purchases from Select Plant Hire Company Limited	4,049	3,027	2,093	1,466
Sales to/purchases from Explore Manufacturing Limited	425	50	1,540	60
Sales to/purchases from Laing O'Rourke Manufacturing Limited	171	-	360	-
Sales to/purchases from Glass Reinforced Concrete UK Limited	61	-	9	-
Sales to/purchases from WS Transportation Limited	-	104	174	1,463
Sales to/purchases from WS Transport Limited	178	326	-	-
Sales to/purchases from Eddie Stobart Limited	11	231	18	2,072
Sales to/purchases from Crown House Technologies Limited	280	4	33	-
Sales to/purchases from Oakfield Manor Estates Limited	2	-	-	-
Sales to/purchases from Flo JA	27	-	-	-
Sales to/purchases from BYLOR JA	1,652	-	-	-
Sales to/purchases from Tamesis JA	392	-	-	-
	<u>64,461</u>	<u>4,090</u>	<u>24,395</u>	<u>5,061</u>

	Receivables Outstanding 2018 £000	Creditors outstanding 2018 £000	Receivables outstanding 2017 £000	Creditors outstanding 2017 £000
Amounts due from/to Laing O'Rourke	7,125	-	4,968	-
Amounts due from/to Select Plant Hire Company Limited	1,129	479	2,210	782
Amounts due from/to Explore Manufacturing Limited	166	-	181	36
Amounts due from/to Laing O'Rourke Manufacturing Limited	-	-	18	-
Amounts due from/to Glass Reinforced Concrete UK Limited	10	-	4	-
Amounts due from/to WS Transportation Limited	64	55	54	50
Amounts due from/to WS Transport Limited	-	46	-	600
Amounts due from/to Eddie Stobart Limited	-	49	22	-
Amounts due from/to Crown House Technologies Limited	31	-	35	-
Amounts due from/to Oakfield Manor Estates Limited	3	-	-	-
Amounts due from/to Flo JA	19	-	-	-
Amounts due from/to BYLOR JA	270	-	-	-
Amounts due from/to Tamesis JA	106	-	-	-
	<u>8,923</u>	<u>629</u>	<u>7,492</u>	<u>1,468</u>

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 continually monitored by the Company and benchmarked against competitors.

In respect of the recoverability of amounts receivable, the majority of balances outstanding at 31 March 2018 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 Post balance sheet events

On the 28 June 2018, the facility with PNC was extended to 30 June 2023 and increased from £25m to £35m.

23 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.