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Company Registration No. 09693156 (England and Wales)

NL COMMERCIALS HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019



NL COMMERCIALS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr N Lella Mr W Lella
Company number	09693156
Registered office	Rouse Mill Rouse Mill Lane Batley WF17 5QB
Auditor	BHP LLP New Chartford House Centurion Way Cleckheaton Bradford West Yorkshire BD19 3QB

NL COMMERCIALS HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Group statement of comprehensive income	7
Group balance sheet	8 - 9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 31

NL COMMERCIALS HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present the strategic report for the year ended 30 June 2019.

Fair review of the business

The Group has continued to maintain and develop its four operating depots, Wakefield, Leeds, St Helens and Darlington. All depots were fully operational during the year and have contributed positively to the result for the year.

The Group's van sales division, Pro Vans Yorkshire Limited, has also performed well this year and contributed significantly.

The directors are extremely pleased with the result for the year, given the market place in which it operates, which is highly competitive and where rental rates are under pressure.

The directors would like to place a record of their thanks to all members of the team throughout the NL Group.

Principal risks and uncertainties

The directors are constantly reviewing market conditions and competitor activity in order to maintain continued trade with existing and new customers.

Key performance indicators

The group's key financial and other performance indicators during the year were as follows:

	Unit	2019	2018
Turnover	£	18,027,595	15,358,924
Gross profit	%	55%	69%
Profit before tax	£	1,910,148	2,931,052

On behalf of the board



Mr W Lella

Director

26 February 2020

NL COMMERCIALS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report and financial statements for the year ended 30 June 2019.

Principal activities

The principal activity of the company and group continued to be that of renting and leasing of vehicles.

Directors

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

Mr N Lella

Mr W Lella

Results and dividends

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

Ordinary dividends were paid amounting to £264,412. The directors do not recommend payment of a further dividend.

Financial instruments

The company utilises appropriate financial instruments in order to conduct its business activities.

The business' principal financial instruments comprise trade debtors, trade creditors and finance lease agreements. The main purpose of these instruments is to finance the business' operations.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The business is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the payments.

Auditor

In accordance with the company's articles, a resolution proposing that BHP LLP be reappointed as auditor of the group will be put at a General Meeting.

NL COMMERCIALS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 group and company will continue in business.

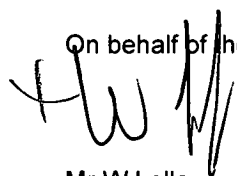
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements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

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditor

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

On behalf of the board



Mr W Lella
Director

26 February 2020

NL COMMERCIALS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NL COMMERCIALS HOLDINGS LIMITED

Opinion

We have audited the financial statements of NL Commercials Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

NL COMMERCIALS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NL COMMERCIALS HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.


NL COMMERCIALS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NL COMMERCIALS HOLDINGS LIMITED

Use of our report

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



Nigel Bullas (Senior Statutory Auditor)
for and on behalf of BHP LLP

26 February 2020

Chartered Accountants
Statutory Auditor

New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

NL COMMERCIALS HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	2018 £
Turnover	3	18,027,595	15,358,924
Cost of sales		(8,111,995)	(4,816,018)
Gross profit		9,915,600	10,542,906
Administrative expenses		(7,716,922)	(7,392,187)
Other operating income		21,056	34,394
Operating profit	4	2,219,734	3,185,113
Interest receivable and similar income	8	10,215	2,906
Interest payable and similar expenses	9	(319,801)	(256,967)
Profit before taxation		1,910,148	2,931,052
Tax on profit	10	(683,336)	(725,292)
Profit for the financial year		1,226,812	2,205,760
Other comprehensive income			
Actuarial (loss)/gain on defined benefit pension schemes		(286,000)	272,000
Total comprehensive income for the year		940,812	2,477,760
Profit for the financial year is attributable to:			
- Owners of the parent company		1,143,825	2,143,062
- Non-controlling interests		82,987	62,698
		1,226,812	2,205,760
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		857,825	2,415,062
- Non-controlling interests		82,987	62,698
		940,812	2,477,760

NL COMMERCIALS HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 30 JUNE 2019

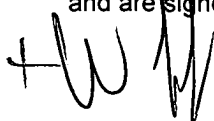
	Notes	2019 £	2018 £
Fixed assets			
Goodwill	12	7,012,928	7,402,535
Tangible assets	13	22,220,373	19,511,851
		<u>29,233,301</u>	<u>26,914,386</u>
Current assets			
Debtors	17	4,466,749	2,250,949
Cash at bank and in hand		1,906,189	3,089,849
		<u>6,372,938</u>	<u>5,340,798</u>
Creditors: amounts falling due within one year	18	(11,456,075)	(9,551,933)
Net current liabilities		<u>(5,083,137)</u>	<u>(4,211,135)</u>
Total assets less current liabilities		<u>24,150,164</u>	<u>22,703,251</u>
Creditors: amounts falling due after more than one year	19	(3,246,836)	(2,328,425)
Provisions for liabilities	21	(77,900)	-
Net assets excluding pension liability		<u>20,825,428</u>	<u>20,374,826</u>
Defined benefit pension liability	22	(2,312,000)	(1,973,000)
Net assets		<u><u>18,513,428</u></u>	<u><u>18,401,826</u></u>
Capital and reserves			
Called up share capital	23	13,000,600	13,000,551
Profit and loss reserves		5,486,157	5,338,528
Equity attributable to owners of the parent company		<u>18,486,757</u>	<u>18,339,079</u>
Non-controlling interests		<u>26,671</u>	<u>62,747</u>
		<u><u>18,513,428</u></u>	<u><u>18,401,826</u></u>

NL COMMERCIALS HOLDINGS LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2019

The financial statements were approved by the board of directors and authorised for issue on 26 February 2020 and are signed on its behalf by:



Mr W Lella
Director

NL COMMERCIALS HOLDINGS LIMITED

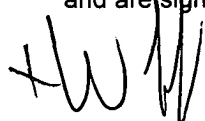
COMPANY BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019 £	2018 £
Fixed assets			
Goodwill	12	7,012,928	7,402,535
Tangible assets	13	22,207,141	19,511,851
Investments	14	551	551
		<u>29,220,620</u>	<u>26,914,937</u>
Current assets			
Debtors	17	2,877,574	1,481,277
Cash at bank and in hand		850,441	1,892,354
		<u>3,728,015</u>	<u>3,373,631</u>
Creditors: amounts falling due within one year	18	<u>(12,831,663)</u>	<u>(11,818,540)</u>
Net current liabilities		<u>(9,103,648)</u>	<u>(8,444,909)</u>
Total assets less current liabilities		<u>20,116,972</u>	<u>18,470,028</u>
Creditors: amounts falling due after more than one year	19	(3,246,836)	(2,328,425)
Provisions for liabilities	21	(77,900)	-
Net assets		<u>16,792,236</u>	<u>16,141,603</u>
Capital and reserves			
Called up share capital	23	13,000,551	13,000,551
Profit and loss reserves		3,791,685	3,141,052
Total equity		<u>16,792,236</u>	<u>16,141,603</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £796,031 (2018 - £1,497,118 profit).

The financial statements were approved by the board of directors and authorised for issue on 26 February 2020 and are signed on its behalf by:



Mr W Lella
Director

Company Registration No.

NL COMMERCIALS HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Share capital £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 July 2017		13,000,551	2,923,466	15,924,017	-	15,924,017
Year ended 30 June 2018:						
Profit for the year		-	2,143,062	2,143,062	62,698	2,205,760
Other comprehensive income:						-
Actuarial gains on defined benefit plans		-	272,000	272,000	-	272,000
Total comprehensive income for the year		-	2,415,062	2,415,062	62,698	2,477,760
Acquisition of subsidiary		-	-	-	49	49
Balance at 30 June 2018		13,000,551	5,338,528	18,339,079	62,747	18,401,826
Year ended 30 June 2019:						
Profit for the year		-	1,143,825	1,143,825	82,987	1,226,812
Other comprehensive income:						
Actuarial gains on defined benefit plans		-	(286,000)	(286,000)	-	(286,000)
Total comprehensive income for the year		-	857,825	857,825	82,987	940,812
Dividends	11	-	(145,398)	(145,398)	(119,014)	(264,412)
Balance at 30 June 2019		13,000,600	5,486,157	18,486,757	26,671	18,513,428

NL COMMERCIALS HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 July 2017		13,000,551	1,643,934	14,644,485
Year ended 30 June 2018:				
Profit and total comprehensive income for the year		-	1,497,118	1,497,118
Balance at 30 June 2018		13,000,551	3,141,052	16,141,603
Year ended 30 June 2019:				
Profit and total comprehensive income for the year		-	796,031	796,031
Dividends	11	-	(145,398)	(145,398)
Balance at 30 June 2019		13,000,551	3,791,685	16,792,236

NL COMMERCIALS HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	27	6,559,145		9,483,837	
Interest paid		(266,801)		(201,967)	
Income taxes paid		(733,895)		(402,334)	
Net cash inflow from operating activities		5,558,449		8,879,536	
Investing activities					
Purchase of tangible fixed assets		(738,886)		(1,480,320)	
Proceeds on disposal of tangible fixed assets		4,189,968		2,650,815	
Purchase of shares in subsidiary		-		49	
Other investments and loans made		(948,654)		-	
Proceeds from other investments and loans		(8,681)		-	
Interest received		10,215		2,906	
Net cash generated from investing activities		2,503,962		1,173,450	
Financing activities					
Payment of finance leases obligations		(8,981,659)		(8,485,348)	
Dividends paid to equity shareholders		(145,398)		-	
Dividends paid to non-controlling interests		(119,014)		-	
Net cash used in financing activities		(9,246,071)		(8,485,348)	
Net (decrease)/increase in cash and cash equivalents		(1,183,660)		1,567,638	
Cash and cash equivalents at beginning of year		3,089,849		1,522,211	
Cash and cash equivalents at end of year		1,906,189		3,089,849	

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

NL Commercials Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Rouse Mill, Rouse Mill Lane, Batley, WF17 5QB.

The group consists of NL Commercials Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of NL Commercials Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 June 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the prior year N.L. Commercials Limited was included within the consolidated financial statements. The company was dormant and control passed to the liquidators on 12 July 2018. The company has not been included in the group financial statements on the basis that directors no longer have control over the company.

In addition, a further subsidiary of the parent, N.L. Commercial Sales Limited, has not been included in the group financial statements in the current or prior period on the basis that the results are immaterial to the group.

1.3 Going concern

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

1.4 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1.5 Intangible fixed assets - goodwill

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

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

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

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

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

Freehold land and buildings	nil
Leasehold improvements	10% straight line
Plant and equipment	25% reducing balance
Fixtures and fittings	25% reducing balance
Motor vehicles	25% reducing balance

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

Freehold property is included in the balance sheet at its fair value.

Although this accounting policy is in accordance with the applicable accounting standard, FRS 102 "The Financial Reporting Standard," it is a departure from the general requirement of the Companies Act 2006 for all tangible fixed assets to be depreciated.

The accounting policy adopted is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

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

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash at bank and in hand

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

1.10 Financial instruments

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

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

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

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

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

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

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

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

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

For a defined benefit scheme, the liability recorded in the balance sheet is the present value of the defined obligation at that date. The defined benefit obligation is calculated on an annual basis by independent actuaries.

Actuarial gains and losses are recognised in full in the period in which they occur and are shown in Other Comprehensive Income.

Current and past service costs, along with settlements or curtailments are charged to the Income Statement. Interest on pension plan liabilities are recognised within finance expense.

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.15 Leases

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

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

The group's turnover arises from its principal activity, undertaken entirely in the UK.

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	2,391,116	3,611,456
Depreciation of tangible fixed assets held under finance leases	4,033,604	2,599,119
Amortisation of intangible assets	389,607	389,607

5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	10,000	8,000
Audit of the financial statements of the company's subsidiaries	22,475	14,000
	<u>32,475</u>	<u>22,000</u>
For other services		
Taxation compliance services	5,000	7,000

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

6 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Sales, service and administration	59	56	-	-

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	1,189,479	1,146,207	-	-
Social security costs	92,871	93,804	-	-
Pension costs	15,673	4,655	-	-
	1,298,023	1,244,666	-	-

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	29,503	45,879

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	3,562	2,827
Other interest income	6,653	79
Total income	10,215	2,906

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on finance leases and hire purchase contracts	259,033	201,967
Interest on the net defined benefit liability	53,000	55,000
Other interest	7,768	-
Total finance costs	319,801	256,967

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	605,467	725,292
Adjustments in respect of prior periods	(31)	-
Total current tax	605,436	725,292
Deferred tax		
Origination and reversal of timing differences	77,900	-
Total tax charge	683,336	725,292

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

	2019 £	2018 £
Profit before taxation	1,910,148	2,931,052
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	362,928	556,900
Tax effect of expenses that are not deductible in determining taxable profit	94,421	121,788
Change in unrecognised deferred tax assets	234,747	182,588
Adjustments in respect of prior years	(30)	-
Group relief	-	(2,248)
Other permanent differences	-	(155,249)
Change in deferred tax rates	(8,754)	21,482
Overprovision of tax charge	24	31
Taxation charge	683,336	725,292

11 Dividends

	2019 £	2018 £
Final paid	145,398	-

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 July 2018 and 30 June 2019	7,792,142
Amortisation and impairment	
At 1 July 2018	389,607
Amortisation charged for the year	389,607
At 30 June 2019	779,214
Carrying amount	
At 30 June 2019	7,012,928
At 30 June 2018	7,402,535
Company	Goodwill £
Cost	
At 1 July 2018 and 30 June 2019	7,792,142
Amortisation and impairment	
At 1 July 2018	389,607
Amortisation charged for the year	389,607
At 30 June 2019	779,214
Carrying amount	
At 30 June 2019	7,012,928
At 30 June 2018	7,402,535

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

13 Tangible fixed assets

Group	Freehold land and buildings	Leasehold improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 July 2018	420,680	211,902	44,907	-	29,684,872	30,362,361
Additions	223,398	-	3,359	15,357	13,081,096	13,323,210
Disposals	-	-	-	-	(9,084,374)	(9,084,374)
At 30 June 2019	644,078	211,902	48,266	15,357	33,681,594	34,601,197
Depreciation and impairment						
At 1 July 2018	-	1,296	4,081	-	10,845,133	10,850,510
Depreciation charged in the year	-	21,190	9,819	2,125	6,391,586	6,424,720
Eliminated in respect of disposals	-	-	-	-	(4,894,406)	(4,894,406)
At 30 June 2019	-	22,486	13,900	2,125	12,342,313	12,380,824
Carrying amount						
At 30 June 2019	644,078	189,416	34,366	13,232	21,339,281	22,220,373
At 30 June 2018	420,680	210,606	40,826	-	18,839,739	19,511,851

Company	Freehold land and buildings	Leasehold improvements	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 2018	420,680	211,902	44,907	29,684,872	30,362,361
Additions	223,398	-	3,359	13,081,096	13,307,853
Disposals	-	-	-	(9,084,374)	(9,084,374)
At 30 June 2019	644,078	211,902	48,266	33,681,594	34,585,840
Depreciation and impairment					
At 1 July 2018	-	1,296	4,081	10,845,133	10,850,510
Depreciation charged in the year	-	21,190	9,819	6,391,586	6,422,595
Eliminated in respect of disposals	-	-	-	(4,894,406)	(4,894,406)
At 30 June 2019	-	22,486	13,900	12,342,313	12,378,699
Carrying amount					
At 30 June 2019	644,078	189,416	34,366	21,339,281	22,207,141
At 30 June 2018	420,680	210,606	40,826	18,839,739	19,511,851

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

13 Tangible fixed assets

(Continued)

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

	Group 2019 £	2018 £	Company 2019 £	2018 £
Motor vehicles	14,712,029	11,024,687	-	-

14 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	15	-	-	551	551

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 July 2018 and 30 June 2019	551
Carrying amount	
At 30 June 2019	551
At 30 June 2018	551

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

15 Subsidiaries

Details of the company's subsidiaries at 30 June 2019 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
NL Commercials (Leeds) Limited	Vehicle hire	Ordinary	100.00	
NL Commercials (St Helens) Limited	Vehicle hire	Ordinary	100.00	
NL Commercials (Wakefield) Limited	Vehicle hire	Ordinary	100.00	
NL Commercials Darlington Limited	Vehicle hire	Ordinary	100.00	
NL Commercials Limited	Dormant	Ordinary	100.00	
NL Commercials Management Limited	Supply of employment services	Ordinary	100.00	
Pro Vans Yorkshire Limited	Vehicle sales	Ordinary	51.00	
NL Commercial Sales Limited	Dormant	Ordinary	51.00	

Registered Office address:

The registered office of all subsidiaries is Rouse Mill, Rouse Mill Lane, Batley, WF17 5QB.

16 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,598,227	2,083,734	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	13,717,270	10,969,830	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

17 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	2,423,086	2,001,332	363,759	76,920
Corporation tax recoverable	8,634	-	-	-
Amounts owed by group undertakings	-	-	695,800	545,800
Other debtors	1,175,141	86,563	1,021,797	50,000
Prepayments and accrued income	859,888	163,054	796,218	808,557
	<u>4,466,749</u>	<u>2,250,949</u>	<u>2,877,574</u>	<u>1,481,277</u>

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

18 Creditors: amounts falling due within one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Obligations under finance leases	20	8,001,852	5,317,598	8,001,852	5,317,598
Trade creditors		1,008,155	605,604	1,505,212	474,352
Amounts owed to group undertakings		682,651	-	2,711,318	2,736,137
Corporation tax payable		605,467	725,292	492,090	550,903
Other taxation and social security		380,174	185,236	104,691	35,196
Other creditors		5,348	2,687,874	-	2,686,354
Accruals and deferred income		772,428	30,329	16,500	18,000
		<u>11,456,075</u>	<u>9,551,933</u>	<u>12,831,663</u>	<u>11,818,540</u>

Obligations under finance leases are secured on the assets to which they relate.

19 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Obligations under finance leases	20	<u>3,246,836</u>	<u>2,328,425</u>	<u>3,246,836</u>	<u>2,328,425</u>

Obligations under finance leases are secured on the assets to which they relate.

20 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Within one year	8,001,852	2,269,970	8,001,852	2,269,970
In two to five years	<u>3,246,836</u>	<u>5,376,053</u>	<u>3,246,836</u>	<u>5,376,053</u>
	<u>11,248,688</u>	<u>7,646,023</u>	<u>11,248,688</u>	<u>7,646,023</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

21 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £
Group		
Accelerated capital allowances	77,900	-
	<u>77,900</u>	<u>-</u>
	Liabilities 2019 £	Liabilities 2018 £
Company		
Accelerated capital allowances	77,900	-
	<u>77,900</u>	<u>-</u>
	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 July 2018	-	-
Charge to profit or loss	77,900	77,900
	<u>77,900</u>	<u>77,900</u>
Liability at 30 June 2019	77,900	77,900
	<u>77,900</u>	<u>77,900</u>

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

22 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	15,673	4,655

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Defined benefit schemes

The group has agreed to fund a defined benefit pension scheme in respect of key employees. The most recent actuarial valuation of the obligations of £2,312,000 (2018 - £1,973,000) was on 30 June 2019. During the year, the expense incurred was £53,000 (2018 - £55,000).

<i>Key assumptions</i>	2019 %	2018 %
Discount rate	2.3	2.7
Retail price index	3.2	3.0
Consumer price index	2.1	1.9
Medical cost trend rate	1.25	1.25

Group	2019 £	2018 £
Present value of defined benefit obligations	2,312,000	1,973,000
Deficit in scheme	2,312,000	1,973,000

The company had no post employment benefits at 30 June 2019 or 1 July 2018.

	Group 2019 £
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 July 2018	1,973,000
Actuarial gains and losses	286,000
Interest cost	53,000
At 30 June 2019	2,312,000

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

23 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
13,000,551 Ordinary shares of £1 each	13,000,551	13,000,551

24 Financial commitments, guarantees and contingent liabilities

There is a cross guarantee between NL Commercials (Holdings) Limited, NL Commercials (Wakefield) Limited, NL Commercials (Leeds) Limited, NL Commercials Darlington Limited and NL Commercials (St Helens) Limited.

25 Events after the reporting date

Since the balance sheet date, the company has undergone a change in share structure.

On the 11 July 2019 the existing issued share capital of the company was sub-divided into £0.01 shares, following which 1,287,054,549 shares were cancelled.

On the 15 July 2019 the share capital of the company was reorganised by re-designating the ordinary shares as 'A' ordinary shares. On the same date, new 'B' shares were allotted following a bonus issue.

On the 24 July 2019 3,237,137 Ordinary 'A' shares were sold to Qubic Trustees Ltd.

26 Directors' transactions

At the balance sheet date the amount due by the company to Wayne Lella was £186,755 (2018 - £221,397).

Advances or credits have been granted by the group to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Closing balance £
Mr N Lella -	2.50	(2,464,957)	3,741,774	6,653	(145,398)	1,138,072
		(2,464,957)	3,741,774	6,653	(145,398)	1,138,072

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

27 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	1,226,812	2,205,760
Adjustments for:		
Taxation charged	683,336	725,292
Finance costs	319,801	256,967
Investment income	(10,215)	(2,906)
Amortisation and impairment of intangible assets	389,607	389,607
Depreciation and impairment of tangible fixed assets	6,424,720	6,210,575
Movements in working capital:		
(Increase)/decrease in debtors	(1,255,849)	35,801
(Decrease) in creditors	(1,219,067)	(337,259)
Cash generated from operations	6,559,145	9,483,837