

Financial Statements

John G Russell (Transport) Limited

For the Year Ended 31 March 2017



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Registered number: SC021189

John G Russell (Transport) Limited

Company Information

Directors	Mr John G Russell Mrs I M Russell Ms S J Wigfield Mr James G Russell Mr W K Russell Mr K I A MacLeod CA (resigned 30 June 2017) Mr A W Poulton Mr D Paterson
Company secretary	Ms S J Wigfield
Registered number	SC021189
Registered office	Deanside Road Hillington Glasgow G52 4XB
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 110 Queen Street Level 8 Glasgow G1 3BX
Bankers	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2AD

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Group Strategic Report

For the Year Ended 31 March 2017

The directors present their reports and the financial statements of the group for the year ended 31 March 2017.

Principal Activities and Business Review

The company and the group are principally engaged in:

- Road, rail and intermodal freight transport
- Bonded and general warehousing
- Primary and secondary distribution
- Contract packing
- Engineering services
- Container hire, repair and refurbishing
- Self-storage

Strategy

Our principal business strategy remains the achievement of a consistently high quality, robust, sustainable and cost-effective logistics service to UK industry and the development of mutually beneficial, long term business partnerships. A focus on new business development supported by a philosophy of innovation, as a means of achieving long term prosperity, is an essential part of this strategy.

The group maintains key performance indicators around business growth and trading margins in addition to a suite of operational performance statistics that measure customer service, asset utilisation, driver and vehicle efficiencies; established with and monitored by our customers. Exceeding our customers' expectations is the overall standard set for the group's activities and the directors have every confidence that this standard will continue to be achieved.

Business Review

The group continues to focus on improving asset utilisation in road, rail and warehousing.

Group Result

As a result of the focus on asset utilisation, the year saw an improvement in profit before tax £3.9m (2016: £2.9m) on a slightly reduced turnover of £60.6m (2016: £61.1m)

Group Strategic Report

For the Year Ended 31 March 2017

Capital Expenditure

The Group continues to reinvest in regular fleet replacement. Asset investment remains broadly consistent at £4.6m (2016: £4.8m).

Principal risks and uncertainties

Liquidity & price risk

Liquidity risks are managed by regular forward projection of group performance and capital requirements and ensuring any requisite facilities are in place. Risk associated with input prices, including fuel, is reduced through long term procurement strategies and in collaboration with customers through pricing transparency. Consolidated borrowings and related costs are measured and managed against net assets and PBIT to achieve an optimum level of working capital.

Trade Credit

Credit risk is monitored by way of in-house credit control functions, regular outside credit checking and, where appropriate, credit insurance.

Financing

Financial instruments comprise: amounts receivable from customers; amounts payable to suppliers; short-term hire purchase asset finance; bank borrowing through overdraft and term loans; supplier financing. Currency, short term borrowings generally incur interest based on variable base rates with long term a mix of variable and fixed rates. Interest rate risk is not considered material to the fair value of current borrowings.

Fluctuations in currency exchange rates

The business risk arising from exposure to foreign currency fluctuations is regarded as low.

Pension Scheme funding

Our defined benefit scheme closed to future accruals in 2010. We have committed to funding the current scheme deficit over a fixed period, with additional contributions considered annually in consultation with the trustees of the scheme. We do not anticipate that this will affect ongoing operations and business development. The company now maintains a defined contribution scheme, available for all employees.

Key Performance Indicators

Financial performance is measured in terms of sustainable sales and profit growth and an adequate return on capital employed being achieved from each business unit, in addition to the measurement of liquidity referred to above. Operational performance is measured accurately and closely with the latest fleet telematics, in terms of fuel efficiency, driver performance and time management, which also enhance the reporting of customer service performance, further tailored to each customer's expectations and subject to ongoing monitoring and review by both parties.

This report was approved by the board on 21 December 2017 and signed on its behalf.

Mr John G Russell
Director



Directors' Report

For the Year Ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Results and dividends

The profit for the year, after taxation, amounted to £2,971,119 (2016 - £2,305,279).

The result and dividends paid are fully detailed within the attached financial statements and reviewed within the Strategic report.

The directors and their interests

The directors who served the company during the year together with their benefit interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2017	At 1 April 2016
Mr John G Russell	10,208	10,208
Mrs I M Russell	10,208	10,208
Ms S J Wigfield	-	-
Mr James G Russell	4,971	4,971
Mr W K Russell	4,971	4,971
Mr K I A MacLeod CA	-	-
Mr A W Poulton	-	-
Mr D Paterson	-	-

Directors' Report (continued)

For the Year Ended 31 March 2017

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group's financial statements and then apply them consistently;
- make judgments 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 will continue in business.

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

Employee recruitment and engagement

In respect of advertising and applications for employment, we comply with the requirements of the Equality Act 2010. The Russell Group continues to invest in a blend of youth and experience to complement the existing teams within the business.

We recognise the benefits of an engaged workforce and will ensure employees have the correct levels of investment, in terms of training, and suitable, flexible reward packages. Employee engagement remains an area which we are developing.

Employment of disabled persons

We accept applications for employment from disabled persons whose aptitudes meet the requirements of the job, with consideration given to special training or facility needs. Following employment, a career plan will be developed so as to maintain future opportunities for each disabled person. Similar arrangements, with suitable retraining, will be made for any employees who become disabled to allow them to perform work appropriate to their abilities.

Directors' Report (continued)

For the Year Ended 31 March 2017

Disclosure of information to auditor

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

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

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 21 December 2017 and signed on its behalf.



Mr John G Russell
Director



Independent Auditor's Report to the Members of John G Russell (Transport) Limited

We have audited the financial statements of John G Russell (Transport) Limited for the year ended 31 March 2017, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 31 March 2017 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.



Independent Auditor's Report to the Members of John G Russell (Transport) Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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.

A handwritten signature in black ink, appearing to read "Grant Thornton UK LLP".

James Chadwick (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Glasgow

Date: 21 December 2017

Consolidated Statement of Comprehensive Income

For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Group turnover	4	60,593,312	61,071,497
Operating costs			
Operating charges		(34,056,345)	(35,135,735)
Staff costs	7	(21,829,341)	(22,596,057)
Grant release		194,104	223,874
Group operating profit	5	4,901,730	3,563,579
Profit/loss on sale of tangible assets		20,546	38,639
Profit on ordinary activities before interest		4,922,276	3,602,218
Share of loss in associate	11	(463,894)	(52,855)
Interest receivable and similar income		31,450	1,324
Interest payable and expenses		(311,850)	(365,779)
Other finance charges		(264,000)	(270,000)
Profit before taxation		3,913,982	2,914,908
Tax on profit	9	(942,863)	(609,629)
Profit for the financial year		2,971,119	2,305,279
Actuarial (losses)/gains on defined benefit pension scheme		(815,000)	249,000
Movement of deferred tax relating to pension deficit		59,010	(213,000)
Other comprehensive income for the year		(755,990)	36,000
Total comprehensive income for the year		2,215,129	2,341,279

All profit is attributable to the owners of the parent company.

All amounts relate to continuing operations.

The notes on page 16 to 37 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	30,232,645	30,021,192
Investments	11	45,787	489,936
		<u>30,278,432</u>	<u>30,511,128</u>
Current assets			
Stocks	12	420,682	373,182
Debtors: amounts falling due within one year	13	14,628,353	13,305,243
Cash at bank and in hand	14	3,426,330	3,339,809
		<u>18,475,365</u>	<u>17,018,234</u>
Creditors: amounts falling due within one year	15	(12,590,912)	(11,826,968)
Net current assets		<u>5,884,453</u>	<u>5,191,266</u>
Total assets less current liabilities		<u>36,162,885</u>	<u>35,702,394</u>
Creditors: amounts falling due after more than one year	16	(5,338,706)	(7,200,740)
Provisions for liabilities			
Government grants		(840,639)	(1,034,743)
Net assets excluding pension liability		<u>29,983,540</u>	<u>27,466,911</u>
Pension liability		(8,457,000)	(7,954,000)
Net assets		<u><u>21,526,540</u></u>	<u><u>19,512,911</u></u>
Capital and reserves			
Called up share capital	21	40,300	40,300
Other reserves	22	1,610,164	1,610,164
Profit and loss account	22	19,876,076	17,862,447
Shareholders' funds		<u><u>21,526,540</u></u>	<u><u>19,512,911</u></u>

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

21 December 2017

Mr John G Russell
Director



Company Statement of Financial Position

As at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	22,885,952	22,381,223
Investments	11	69,087	409,656
		<u>22,955,039</u>	<u>22,790,879</u>
Current assets			
Stocks	12	78,376	69,405
Debtors: amounts falling due within one year	13	8,712,151	7,962,849
Cash at bank and in hand	14	3,166,423	3,028,821
		<u>11,956,950</u>	<u>11,061,075</u>
Creditors: amounts falling due within one year	15	(14,350,002)	(13,645,723)
Net current liabilities		<u>(2,393,052)</u>	<u>(2,584,648)</u>
Total assets less current liabilities		<u>20,561,987</u>	<u>20,206,231</u>
Creditors: amounts falling due after more than one year	16	(4,125,857)	(6,096,288)
Provisions for liabilities			
Government grants		(840,638)	(1,034,743)
Net assets excluding pension liability		<u>15,595,492</u>	<u>13,075,200</u>
Pension liability		(8,457,000)	(7,954,000)
Net assets		<u><u>7,138,492</u></u>	<u><u>5,121,200</u></u>
Capital and reserves			
Called up share capital	21	40,300	40,300
Profit and loss account brought forward		4,123,410	3,759,396
Profit for the year		<u>2,974,782</u>	<u>1,321,504</u>
Profit and loss account carried forward		<u>7,098,192</u>	<u>5,080,900</u>
		<u><u>7,138,492</u></u>	<u><u>5,121,200</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
21 December 2017

Mr John G Russell
Director



Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2017

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015	40,300	1,610,164	15,682,368	17,332,832
Comprehensive income for the year				
Profit for the year	-	-	2,305,279	2,305,279
Actuarial gain on defined benefit pension scheme	-	-	249,000	249,000
Movement of deferred tax relating to pension deficit	-	-	(213,000)	(213,000)
Other comprehensive income for the year	-	-	36,000	36,000
Total comprehensive income for the year	-	-	2,341,279	2,341,279
Dividends: Equity capital	-	-	(161,200)	(161,200)
At 1 April 2016	40,300	1,610,164	17,862,447	19,512,911
Comprehensive income for the year				
Profit for the year	-	-	2,971,119	2,971,119
Actuarial losses on defined benefit pension scheme	-	-	(815,000)	(815,000)
Movement of deferred tax relating to pension deficit	-	-	59,010	59,010
Other comprehensive income for the year	-	-	(755,990)	(755,990)
Total comprehensive income for the year	-	-	2,215,129	2,215,129
Dividends: Equity capital	-	-	(201,500)	(201,500)
At 31 March 2017	40,300	1,610,164	19,876,076	21,526,540

Company Statement of Changes in Equity

For the Year Ended 31 March 2017

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2015	40,300	3,884,596	3,924,896
Comprehensive income for the year			
Profit for the year	-	1,321,504	1,321,504
Actuarial gains/(losses) and deferred tax on defined benefit pension scheme	-	36,000	36,000
Other comprehensive income for the year	-	36,000	36,000
Total comprehensive income for the year	-	1,357,504	1,357,504
Dividends: Equity capital	-	(161,200)	(161,200)
At 1 April 2016	40,300	5,080,900	5,121,200
Comprehensive income for the year			
Profit for the year	-	2,974,782	2,974,782
Actuarial losses on defined benefit pension scheme	-	(815,000)	(815,000)
Movement of deferred tax relating to pension deficit	-	59,010	59,010
Other comprehensive income for the year	-	(755,990)	(755,990)
Total comprehensive income for the year	-	2,218,792	2,218,792
Dividends: Equity capital	-	(201,500)	(201,500)
At 31 March 2017	40,300	7,098,192	7,138,492

Consolidated Statement of Cash Flows

For the Year Ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	2,971,119	2,305,279
Adjustments for:		
Depreciation of tangible assets	3,988,226	4,045,558
Interest paid	280,400	302,047
Interest received	-	(1,324)
Taxation charge	942,863	609,629
(Increase)/decrease in stocks	(47,500)	23,124
(Increase)/decrease in debtors	(1,474,432)	2,157,373
Increase/(decrease) in creditors	2,176,219	(30,990)
(Decrease) in provisions	(194,104)	(223,874)
Corporation tax (paid)	(449,120)	(581,609)
Finance charges	-	63,732
Income from investments	439,361	52,855
Gain on sale of fixed assets	(15,990)	(38,639)
Pension scheme notional finance charges	264,000	270,000
Pension scheme payments	(576,000)	(476,000)
Net cash generated from operating activities	8,305,042	8,477,161
Cash flows from investing activities		
Purchase of tangible fixed assets	(4,553,602)	(2,297,839)
Sale of tangible fixed assets	369,913	274,560
Write off of unlisted and other investments	4,788	-
Purchase of fixed asset investments	-	(1,796)
Interest received	-	1,324
Net cash from investing activities	(4,178,901)	(2,023,751)
Cash flows from financing activities		
Repayment of loans	(1,461,206)	(1,607,729)
Repayment of/new finance leases	(2,096,514)	(1,905,041)
Dividends paid	(201,500)	(161,200)
Interest paid	(280,400)	(302,047)
Finance charges	-	(63,732)
Net cash used in financing activities	(4,039,620)	(4,039,749)
Net increase in cash and cash equivalents	86,521	2,413,661
Cash and cash equivalents at beginning of year	3,339,809	926,148
Cash and cash equivalents at the end of year	3,426,330	3,339,809

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 March 2017

	2017	2016
	£	£
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,426,330	3,339,809
	<u>3,426,330</u>	<u>3,339,809</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

1. Company information

John G Russell (Transport) Limited is a group registered in Scotland. The registered office is based at Deanside Road, Hillington, Glasgow, G52 4XB. The principal activity of the group is freight transport, bonded and general warehousing and self-storage.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of John G Russell (Transport) Limited and all its subsidiaries undertakings drawn up to 31 March 2017.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's total comprehensive income for the year was £2,218,792 (2016: £1,357,504).

The individual accounts of John G Russell (Transport) Limited have also adopted the following disclosure exemptions:

- The requirement to present a statement of cash flows and related notes
- Financial instruments disclosures, including
 - o Categories of financial instruments
 - o Items of income, expenses, gains of losses relating to financial instruments, and
 - o Exposure to and management of financial risks.

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

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

2.3 Going concern

The group has agreed bank facilities in place and expect to continue to renew the facilities in the normal course of business. The group has prepared trading projections which shows it should stay within the facilities for the foreseeable future; at least 12 months from the date of approval of the financial statements. On this basis, the directors are satisfied that they can continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.4 Associate undertakings

Associate undertakings are entities in which the Group has an investment of at least 20% of the shares, and over which it exerts significant influence. To the extent that associates are material, the Group financial statements include the appropriate share of their post-acquisition results and reserves. Investments in associated undertakings are carried in the consolidated balance sheet at the Group's share of their net assets at the date of acquisition and of their post-acquisition retained profit or losses together with any goodwill arising on the acquisition, net of any provisions to reflect the directors estimate of their current value. The investor's share of the results is included within the consolidated profit and loss.

2.5 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover represents income from road and rail transport, and other activities listed within the Strategic Report. Distribution revenue is recognised on the occurrence of a critical event, such as the delivery of goods.

2.6 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, less their estimated residual value on the following basis:

Freehold Property	-	2 - 10%
Leasehold Property	-	Period of lease
Plant & Machinery	-	10 - 33%
Lease Containers	-	10 - 25%
Motor Vehicles	-	10 - 33%
Equipment	-	10 - 33%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Gain on sale of fixed assets' in the Profit and Loss Account.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.7 Impairment of fixed assets and goodwill

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

2.8 Investments

Investments are included at cost less amounts provided or written off.

2.9 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.11 Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

2.12 Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the Balance Sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

2.13 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.14 Cash and cash equivalents

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

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

2.15 Financial instruments

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

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

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.16 Creditors

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

2.17 Finance costs

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

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.19 Pensions costs and other post-retirement benefits

Defined benefit scheme

The defined benefit pension scheme for employees, closed to new members since 2004, was closed to future accruals as from 5 June 2010. The assets of this scheme are held separately from those of the group.

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

Defined contribution scheme

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

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.20 Interest income

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

2.21 Borrowing costs

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

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.23 Current and deferred taxation

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

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

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

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

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.24 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2.25 Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

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

Staff pension scheme

The deficit on the defined pension scheme is included in the balance sheet in line with FRS 102. The deficit is arrived at by obtaining a valuation from the Scheme Actuary. More information is contained in note 28.

Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are assessed and amended when necessary.

4. Turnover

The turnover and profit before tax are attributable to the principle activities of the group.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2017	2016
	£	£
Amortisation of government grants	(194,104)	(223,874)
Depreciation of owned fixed assets	2,866,448	3,492,422
Depreciation of assets held under finance leases and hire purchase agreements	1,121,778	553,236
Operating lease rentals - motor vehicles	131,795	1,402,561
Operating lease rentals - land & buildings	276,500	514,397
Defined contribution pension cost	576,000	476,000
	<u> </u>	<u> </u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

6. Auditor's remuneration

Auditor's remuneration - audit of the financial statements	44,100	46,740
Auditor's remuneration - other fees	11,250	11,800
	<u>55,350</u>	<u>58,540</u>

7. Employees

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	19,401,224	20,156,955
Social security costs	1,784,346	1,804,313
Other pension costs	643,771	634,789
	<u>21,829,341</u>	<u>22,596,057</u>

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

	2017 No.	2016 No.
Drivers	288	303
Warehouse, handling and ancillary	124	125
Engineering	43	47
Administration & head office	131	139
	<u>586</u>	<u>614</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	744,674	726,070
Pension contributions to money purchase pension schemes	60,913	102,404
	<u>805,587</u>	<u>828,474</u>

Emoluments of highest paid director:

	2017 £	2016 £
Emoluments	117,666	126,093
Pension contributions to money purchase pension schemes	-	-
	<u>-</u>	<u>-</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2017 £	2016 £
Money purchase schemes	4	5
	<u>4</u>	<u>5</u>

9. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	941,895	674,755
Adjustments in respect of previous periods	(1,679)	3,519
Total current tax	<u>940,216</u>	<u>678,274</u>
Deferred tax		
Deferred taxation: origination and reversal of timing differences	12,866	17,333
Deferred taxation: adjustments in respect of previous periods	(1,234)	(796)
Deferred taxation: pension scheme payments	53,040	37,080
Deferred taxation: changes in tax rates	(62,025)	(122,262)
Taxation on profit on ordinary activities	<u>942,863</u>	<u>609,629</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	3,913,982	2,914,908
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	782,796	582,982
Effects of:		
Income not taxable for tax purposes	(48,180)	(52,659)
Expenses not deductible for tax purposes	104,173	27,297
Non-qualifying depreciation	171,284	177,593
Adjustment in respect of prior period - corporation tax	(1,679)	3,519
Adjustment in respect of prior period - deferred tax	(1,234)	(796)
Difference in tax rates	(64,297)	(128,307)
Total tax charge for the year	942,863	609,629

A number of changes to the UK Corporation tax system were announced in the March 2015 Budget Statement, and substantively enacted as part of the Finance Act (No.2) 2015 on 26 October 2015, with the main rate of corporation tax reduced from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2020. The Finance Act (2016), substantively enacted on 15 September 2016, further reduced the corporation tax rate to 17% from 1 April 2020 and deferred tax balances remeasured accordingly

Notes to the Financial Statements

For the Year Ended 31 March 2017

10. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Assets in the course of construction £	Total £
Cost or valuation					
At 1 April 2016	27,352,008	10,631,447	33,677,806	15,219	71,676,480
Additions	67,734	226,106	3,960,817	298,945	4,553,602
Disposals	(3,586)	(252,538)	(1,053,558)	-	(1,309,682)
At 31 March 2017	27,416,156	10,605,015	36,585,065	314,164	74,920,400
Depreciation					
At 1 April 2016	10,749,995	6,739,605	24,165,688	-	41,655,288
Charge for the period	836,535	685,424	2,466,267	-	3,988,226
Disposals	(3,583)	(246,438)	(705,738)	-	(955,759)
At 31 March 2017	11,582,947	7,178,591	25,926,217	-	44,687,755
Net book value					
At 31 March 2017	15,833,209	3,426,424	10,658,848	314,164	30,232,645
At 31 March 2016	16,602,013	3,891,842	9,512,118	15,219	30,021,192

Included within the net book value of £30,232,645 (2016 - £30,021,192) is £7,759,345 (2016 - £6,424,485) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,121,778 (2016 - £553,236).

Notes to the Financial Statements

For the Year Ended 31 March 2017

10. Tangible fixed assets (continued)

Company

	Freehold property £	Plant and machinery £	Motor vehicles £	Assets in the course of construction £	Total £
Cost or valuation					
At 1 April 2016	24,649,299	8,426,850	10,782,813	15,219	43,874,181
Additions	66,284	186,093	2,093,874	298,945	2,645,196
Disposals	(3,586)	(145,367)	(56,198)	-	(205,151)
At 31 March 2017	<u>24,711,997</u>	<u>8,467,576</u>	<u>12,820,489</u>	<u>314,164</u>	<u>46,314,226</u>
Depreciation					
At 1 April 2016	9,259,647	4,932,841	7,300,470	-	21,492,958
Charge for the period	672,976	533,533	923,113	-	2,129,622
Disposals	(3,583)	(145,205)	(45,518)	-	(194,306)
At 31 March 2017	<u>9,929,040</u>	<u>5,321,169</u>	<u>8,178,065</u>	<u>-</u>	<u>23,428,274</u>
Net book value					
At 31 March 2017	<u>14,782,957</u>	<u>3,146,407</u>	<u>4,642,424</u>	<u>314,164</u>	<u>22,885,952</u>
At 31 March 2016	<u>15,389,652</u>	<u>3,494,009</u>	<u>3,482,343</u>	<u>15,219</u>	<u>22,381,223</u>

Included within the net book value of £22,885,952 (2016 - £22,381,223) is £4,805,172 (2016 - £3,533,302) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £772,143 (2016 - £216,167).

Notes to the Financial Statements

For the Year Ended 31 March 2017

11. Fixed asset investments

Group

	Associate £	Other investments £	Total £
Cost or valuation			
At 1 April 2016	463,894	26,042	489,936
Additions	-	24,533	24,533
Amounts written off	(463,894)	(4,788)	(468,682)
At 31 March 2017	-	45,787	45,787
Net book value			
At 31 March 2017	-	45,787	45,787
At 31 March 2016	463,894	26,042	489,936

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Carntyre Transport Co Limited	Ordinary	100 %	Road Haulage
R.D. Spittal Limited	Ordinary	100 %	Dormant
Deanside Transit Limited	Ordinary	100 %	Dormant
Storage Services (Leith) Limited	Ordinary	100 %	Dormant

All subsidiaries were incorporated in the UK.

Participating interests

Associates

Name	Class of shares	Holding	Country of incorporation
Impact Holdings (UK) Plc	Ordinary	23%	United Kingdom

During the year the directors have reviewed the carrying value of Impact Holdings (UK) Plc. A provision has been made for the full amount bringing the investment above to £nil (2016: £463,894).

Notes to the Financial Statements

For the Year Ended 31 March 2017

11. Fixed asset investments (continued)

Company

	Group companies £	Associate undertakings £	Other investments £	Total £
Cost or valuation				
At 1 April 2016	397,150	455,555	46,174	898,879
Amounts written off	-	-	(387)	(387)
At 31 March 2017	397,150	455,555	45,787	898,492
Amounts written off				
At 1 April 2016	373,850	115,373	-	489,223
Written off in the year	-	340,182	-	340,182
At 31 March 2017	373,850	455,555	-	829,405
Net book value				
At 31 March 2017	23,300	-	45,787	69,087
At 31 March 2016	23,300	340,182	46,174	409,656

12. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Raw materials and consumables	399,418	336,579	78,376	69,405
Work in progress	21,264	36,603	-	-
	420,682	373,182	78,376	69,405

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Notes to the Financial Statements

For the Year Ended 31 March 2017

13. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	13,114,097	11,814,625	7,449,017	6,339,269
Amounts owed by group undertakings	-	-	143,681	544,830
Other debtors	219,164	127,619	218,689	124,603
Prepayments and accrued income	925,497	1,049,767	531,125	620,345
Deferred taxation	369,595	313,232	369,639	333,802
	<u>14,628,353</u>	<u>13,305,243</u>	<u>8,712,151</u>	<u>7,962,849</u>

14. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	3,426,330	3,339,809	3,166,423	3,028,821
Less: bank overdrafts	-	-	(5,347,965)	(5,715,957)
	<u>3,426,330</u>	<u>3,339,809</u>	<u>(2,181,542)</u>	<u>(2,687,136)</u>

15. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdrafts	-	-	5,347,965	5,715,957
Bank loans	1,461,237	1,314,654	1,461,237	1,314,654
Trade creditors	4,608,610	3,969,365	3,202,543	2,480,128
Amounts owed to group undertakings	-	-	167,819	-
Obligations under finance lease and hire purchase contracts	1,821,742	1,945,848	969,491	1,180,585
Corporation tax	687,455	451,284	372,783	131,763
Other taxation and social security	1,474,530	1,698,327	513,539	691,677
Other creditors	354,519	305,761	308,654	260,621
Accruals and deferred income	2,182,819	2,141,729	2,005,971	1,870,338
	<u>12,590,912</u>	<u>11,826,968</u>	<u>14,350,002</u>	<u>13,645,723</u>

The bank overdrafts and business term loans are subject to a standard security and a bond and floating charge over the assets of the company and group.

The hire purchase obligations are secured over the relevant assets.

Notes to the Financial Statements

For the Year Ended 31 March 2017

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	2,856,681	4,464,470	2,856,681	4,464,470
Net obligations under finance leases and hire purchase contracts	2,482,025	2,736,270	1,269,176	1,631,818
	<u>5,338,706</u>	<u>7,200,740</u>	<u>4,125,857</u>	<u>6,096,288</u>

Repayments on bank loans are as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts payable within 1 year	1,461,207	1,341,654	1,461,207	1,341,654
Amounts payable between 1 and 2 years	804,957	1,461,207	804,957	1,461,207
Amounts payable between 2 and 5 years	1,758,621	2,976,263	1,758,621	2,976,263
Amounts payable over 5 years	293,103	-	293,103	-
	<u>4,317,888</u>	<u>5,779,124</u>	<u>4,317,888</u>	<u>5,779,124</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

17. Leasing commitments

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts payable within 1 year	1,821,742	1,920,790	969,491	1,155,527
Amounts payable between 1 and 5 years	1,391,025	2,761,330	1,269,176	1,656,877

At 31 March 2017 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts payable within 1 year	434,715	759,343	316,315	196,975
Amounts payable between 1 and 5 years	1,358,149	740,467	1,138,395	542,621
Amounts payable over 5 years	1,852,310	1,795,670	1,723,817	1,784,670

Included within group operating lease commitments is £3,572,963 (2016 - £2,738,487) of long term property lease commitments for property utilised by group companies.

Included within company operating lease commitments is £3,106,317 (2016 - £2,422,240) of long term property lease commitments for property utilised by the company.

18. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets measured at fair value through profit or loss	-	463,894	-	-
Financial assets measured at amortised cost	16,759,591	15,308,095	11,046,907	10,447,179
Financial liabilities				
Financial liabilities measured at amortised cost	(15,767,633)	(16,878,097)	(17,421,718)	(18,918,571)

Financial assets measured at fair value through profit or loss consist of group investments in associate undertakings.

Financial assets measured at amortised cost include trade and other debtors, investments and cash.

Financial liabilities measured at amortised cost include all creditors excluding taxation due.

Notes to the Financial Statements

For the Year Ended 31 March 2017

19. Deferred government grants

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Received and receivable:				
At 1 April 2016 and 31 March 2017	3,769,924	3,769,924	3,769,924	3,769,924
Amortisation:				
At 1 April 2016	2,511,307	2,511,307	2,511,307	2,511,307
Credit to profit and loss account	194,104	223,874	194,104	223,874
At 31 March 2017	2,929,285	2,735,181	2,929,285	2,735,181
Net balance at 31 March 2017	840,639	1,034,743	840,639	1,034,743

The government grant provision is recognised over:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Less than one year	194,104	194,104	194,104	194,104
More than one year	2,735,181	2,541,077	2,735,181	2,541,077
	2,929,285	2,735,181	2,929,285	2,735,181

20. Deferred taxation

Deferred taxation provided for at 17% (2016: 18%) in the financial statements is set out below:

Group

	2017 £	2016 £
At beginning of year	313,232	207,507
Charged to profit or loss	56,363	105,725
At end of year	369,595	313,232

Notes to the Financial Statements

For the Year Ended 31 March 2017

20. Deferred taxation (continued)

Company

	2017 £	2016 £
At beginning of year	333,802	214,012
Charged to profit or loss	35,837	119,790
At end of year	369,639	333,802

The deferred tax asset is made up as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Accelerated capital allowances	(113,394)	(107,674)	(113,350)	(87,104)
Pension surplus	1,436,891	1,430,920	1,436,891	1,430,920
Rolled over gains	(953,902)	(1,010,014)	(953,902)	(1,010,014)
	369,595	313,232	369,639	333,802

21. Called up share capital

	2017 £	2016 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
40,300 ordinary shares of £1 each	40,300	40,300

22. Reserves

Called-up share capital

Represents the nominal value of share that have been issued.

Other reserves

Other reserves contains pre acquisition reserves.

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

Notes to the Financial Statements

For the Year Ended 31 March 2017

23. Capital commitments

There are capital commitments at Group level of £510,000 for plant and equipment (2016: £518,000) and at company level of £nil (2016: £445,000).

24. Contingent liabilities

The company has unlimited cross-guarantees with its subsidiary entities. At 31 March 2017, the net bank borrowings of other companies in the group amounted to £nil (2016 - £nil).

In March 2010, the company granted its defined benefit pension scheme, the John G Russell (Transport) Ltd 1989 Retirement Benefit Scheme, a partial security against the Scheme's future obligations, in the form of a contingent assets, over freehold property at Ward Park Road, Cumbernauld, valued at around £900,000.

The group had no other contingent liabilities at 31 March 2017 or 31 March 2016.

25. Defined benefit pension scheme

The Company sponsors the Scheme which is a defined benefit pension plan. It is a separate trustee administered entity holding assets to meet long term pension liabilities. The last formal actuarial valuation of the Scheme was carried out as at 1 April 2014 and updated to 31 March 2017 by a qualified independent actuary. The major assumptions used by the actuary are shown below.

The results of the actuarial valuation as at 1 April 2014 showed a deficit of £3,317,000. The Company has agreed with the Trustees to target removal of this deficit over a period of 8 years and 1 month from 1 January 2015 by payment of contributions of £400,000 p.a.

A full actuarial valuation was carried out as at 31 March 2017.

	2017 £
Reconciliation of opening and closing balances of the defined benefit obligation	
Defined benefit obligation at start of period	24,287,000
Interest expense	826,000
Actuarial losses	3,087,000
Benefits paid	(672,000)
Defined benefit obligation at end of period	27,528,000

Notes to the Financial Statements

For the Year Ended 31 March 2017

	2017	
	£	
Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of plan assets at start of period	16,333,000	
Interest income	562,000	
Return on Scheme assets less interest income	2,272,000	
Contributions by the group	576,000	
Benefits paid	(672,000)	
Fair value of plan assets at end of period	19,071,000	
	2017	2016
	£	£
Fair value of plan assets	19,071,000	16,333,000
Defined benefit obligation	(27,528,000)	(24,287,000)
Defined benefit liability	(8,457,000)	(7,954,000)
	2017	2016
	£	£
Defined benefit costs recognised in profit or loss		
Net interest cost	264,000	270,000
Defined benefit costs recognised in profit or loss	264,000	270,000
	2017	2016
	£	£
Defined benefit gain/(costs) recognised in Other Comprehensive Income		
Return on Scheme assets less interest income	2,272,000	(899,000)
Experience gains and losses on the plan liabilities - gain (loss)	361,000	214,000
Impact of changes in actuarial assumptions on the Scheme's liabilities	(3,448,000)	934,000
Total amount recognised in other comprehensive income - (loss)/gain	(815,000)	249,000

Notes to the Financial Statements

For the Year Ended 31 March 2017

	2017 %	2016 %
Assets		
Equities	68	74
Bonds	15	14
Property	3	4
Cash	4	5
Other	10	3
	<hr/>	<hr/>
Total assets	100	100
	<hr/>	<hr/>

None of the fair values of the assets shown above include any of the group's own financial instruments or any property occupied by, or other assets used by the group.

	2017	2016
Assumptions		
Discount rate	2.75%	3.45%
RPI inflation	3.1	2.90%
CPI inflation	2.1	1.90%

26. Controlling party

Mr John G Russell, together with his wife, Mrs I M Russell, control the company by virtue of a combined 51% shareholding in John G Russell (Transport) Limited.