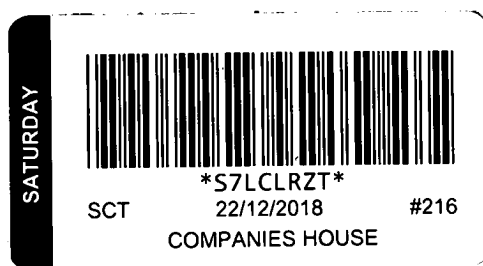


Company Registration No. SC092397 (Scotland)

Morris Leslie Limited

Annual report and consolidated financial statements

for the year ended 30 April 2018



Morris Leslie Limited

Company information

Directors	Morris Y Leslie Graham R Ogilvie
Company number	SC092397
Registered office	Errol Airfield Errol Perth PH2 7TB
Auditor	Henderson Loggie The Vision Building 20 Greenmarket Dundee DD1 4QB
Bankers	HSBC 80/82 High Street Perth PH1 5TH

Morris Leslie Limited

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Morris Leslie Limited

Strategic report

for the year ended 30 April 2018

The directors present the strategic report for the year ended 30 April 2018.

Fair review of the business

Morris Leslie Limited is the group company which owns Morris Leslie Plant Hire Limited, Morris Leslie Plant Limited, Morris Leslie Vehicle Auctions Limited and Causeway Tractors Limited.

Through these subsidiaries, the principal activities of the group are the hire, auction and sale of construction machinery and equipment; motor vehicle auctions; the provision of self storage facilities; and the sale of portable and modular buildings.

Morris Leslie Limited also holds a portfolio of residential and commercial properties.

The group has continued to make good progress in terms of turnover and profit growth.

The group has continued its planned expansion of the hire business and during the year has fully integrated the previous acquisitions from HS Realisations Ltd (Formerly Hewden Stewart). The business operates 12 depots and helped by the enhanced UK depot network turnover increased to £87.6m. The increase in turnover reflects the business growth and a full 12-month trading period for the new depots. In addition, asset sales out of stock increased by £17m year on year, contributing significantly to the increased turnover levels.

The group continues to operate one of the youngest and fastest growing hire fleets in the UK. During the year, a further £60.1m was invested in new assets (2017 - £56.1m).

The board are committed to continuing the expansion of the business with a further £50m of assets to be acquired after the balance sheet date.

The board would wish to record their appreciation for the support, hard work and skill provided by the group's 297 employees.

Morris Leslie Limited

Strategic report (continued)

for the year ended 30 April 2018

Principal risks and uncertainties

There are several risks to the business which can impact each sector to varying degrees.

- Economic – Demand for the hire products is linked to the UK Construction market sectors. The Board consider there still remains uncertainty of the impact of Brexit on the UK. The overall market is strong however there have been delays in the commencement of large UK construction projects which is impacting levels of growth. The housing sector remains strong which is underpinning the overall construction sector.

In the event of any future downturns in the UK market the business is well placed to reduce exposure to the sectors and reduce the fleet size accordingly via our direct sales business.

- Funding – The business is currently primarily funded via Hire Purchase from a pool of lenders. The business is reviewing the funding options to facilitate future growth and to take advantage of opportunities that exist in the market place.
- UK Competition – the sector remains very competitive and price sensitive. Control of increasing costs and provision of a first-class customer service is key to differentiate us from our competitors.
- Currency fluctuations – The business imports machinery via Causeway Tractors Limited and there is a risk from currency fluctuations. This situation is closely monitored, and appropriate steps taken to mitigate the risk. All export sales are in Sterling so there is no direct currency exposure risk. The weakness of the Sterling has however increased overseas demand for the disposal of construction equipment.
- Morris Leslie Vehicle Auctions Limited performance is reliant on the volume for new and used car sales and fluctuations in these markets represent a risk.

Key performance indicators

The directors consider key performance indicators are those that communicate the financial performance and strength of the group, being turnover, gross profit and profit before tax. In addition to these measures, throughout the business, several additional performance metrics are used to measure rates, utilisation, asset residual values, occupancy, employee turnover, customer account growth and health and safety.

	2018	2017
Turnover	£87.6m	£52.5m
Gross profit	£20.8m	£17.0m
Profit before tax	£2.98m	£3.1m

Morris Leslie Limited

Strategic report (continued)

for the year ended 30 April 2018

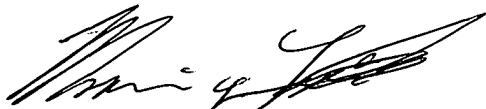
Future developments

The business seeks to continue its turnover and profit growth, primarily by expansion of the plant hire side of the business. This is in line with the group's overall 5-year expansion plan. There are opportunities for each segment of the group in terms of new products, new customers and new routes to market. The directors look forward to the future with confidence.

Post Balance Sheet Event

On the 24th May 2018 Morris Leslie Plant Hire Ltd completed the acquisition of the assets and business of Chertsey Plant Hire Ltd. Chertsey Plant Hire is a long-established Surrey based plant hire business. The acquisition will increase the fleet size by a further 500 core assets.

On behalf of the board



Morris Y Leslie

Director

18 December 2018

Morris Leslie Limited

Directors' report

for the year ended 30 April 2018

The directors present their annual report and financial statements for the year ended 30 April 2018.

Principal activities

The principal activity of the group continued to principally be that of plant hire, plant trading and vehicles auctions. As a secondary activity the Group has a portfolio of commercial and residential properties which partially support the Group's trading activities.

Directors

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

Morris Y Leslie

William JN Lennox

Graham R Ogilvie

(Resigned 19 May 2017)

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

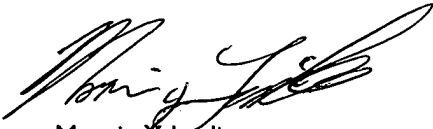
Morris Leslie Limited

Directors' report (continued)
for the year ended 30 April 2018

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

A handwritten signature in black ink, appearing to read 'Morris T. Leslie', written over a horizontal line.

Morris T. Leslie

Director

18 December 2018

Morris Leslie Limited

Directors' responsibilities statement

for the year ended 30 April 2018

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.

Morris Leslie Limited

Independent auditor's report

to the members of Morris Leslie Limited

Opinion

We have audited the financial statements of Morris Leslie Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2018 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, the company 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 April 2018 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.

Morris Leslie Limited

Independent auditor's report (continued)

to the members of Morris Leslie Limited

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.

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.

Morris Leslie Limited

Independent auditor's report (continued) to the members of Morris Leslie Limited

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.

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.

Henderson Loggie

**Gavin Black (Senior Statutory Auditor)
for and on behalf of Henderson Loggie**

19/12/18

**Chartered Accountants
Statutory Auditor**

The Vision Building
20 Greenmarket
Dundee
DD1 4QB

Morris Leslie Limited**Group statement of comprehensive income
for the year ended 30 April 2018**

	Notes	2018 £	2017 £
Turnover	3	87,625,799	52,532,349
Cost of sales		(66,836,053)	(35,514,722)
Gross profit		20,789,746	17,017,627
Administrative expenses		(11,706,532)	(9,888,722)
Other operating income		57,654	89,903
Operating profit	4	9,140,868	7,218,808
Interest receivable and similar income	8	127,159	103,868
Interest payable and similar expenses	9	(6,288,512)	(5,073,827)
Amounts written off investments		-	861,891
Profit before taxation		2,979,515	3,110,740
Tax on profit	10	2,913,480	(235,983)
Profit for the financial year	30	5,892,995	2,874,757

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is attributable to:

- Owners of the parent company	5,892,995	2,877,499
- Non-controlling interests	-	(2,742)
	5,892,995	2,874,757

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Morris Leslie Limited

Group Balance sheet

as at 30 April 2018


	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Goodwill	11		339,589		452,785
Tangible assets	12		81,263,798		68,484,161
Investment properties	13		18,785,834		18,645,927
Investments	14		6,702,352		6,377,762
			<u>107,091,573</u>		<u>93,960,635</u>
Current assets					
Stocks	19	40,878,738		36,029,567	
Debtors	20	11,059,248		11,117,150	
Cash at bank and in hand		711,916		1,529,141	
			<u>52,649,902</u>		<u>48,675,858</u>
Creditors: amounts falling due within one year	21	(46,367,867)		(41,928,230)	
Net current assets			<u>6,282,035</u>		<u>6,747,628</u>
Total assets less current liabilities			<u>113,373,608</u>		<u>100,708,263</u>
Creditors: amounts falling due after more than one year	22		(84,355,271)		(75,418,594)
Provisions for liabilities	25		(1,005,102)		(3,169,429)
Net assets			<u><u>28,013,235</u></u>		<u><u>22,120,240</u></u>
Capital and reserves					
Called up share capital	27		83,550		83,550
Share premium account	28		4,633,290		4,633,290
Revaluation reserve	29		4,907,262		4,907,262
Profit and loss reserves	30		18,389,133		12,496,138
Total equity			<u><u>28,013,235</u></u>		<u><u>22,120,240</u></u>

Morris Leslie Limited

Group Balance sheet (continued)

as at 30 April 2018

The financial statements were approved by the board of directors and authorised for issue on 18 December 2018 and are signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Morris Y Leslie', is written over the printed name.

Morris Y Leslie
Director

Morris Leslie Limited

Company Balance sheet

as at 30 April 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	12	78,478		73,509	
Investment properties	13	18,785,834		18,645,927	
Investments	14	11,652,029		11,392,920	
		<u>30,516,341</u>		<u>30,112,356</u>	
Current assets					
Stocks	19	70,296		2,775	
Debtors	20	928,307		1,863,645	
Cash at bank and in hand		736		3,104	
		<u>999,339</u>		<u>1,869,524</u>	
Creditors: amounts falling due within one year	21	<u>(12,100,088)</u>		<u>(11,397,961)</u>	
Net current liabilities		<u>(11,100,749)</u>		<u>(9,528,437)</u>	
Total assets less current liabilities		<u>19,415,592</u>		<u>20,583,919</u>	
Creditors: amounts falling due after more than one year	22	(5,646,000)		(7,040,000)	
Provisions for liabilities	25	(1,045,388)		(1,041,347)	
Net assets		<u>12,724,204</u>		<u>12,502,572</u>	
Capital and reserves					
Called up share capital	27	83,550		83,550	
Share premium account	28	4,633,290		4,633,290	
Revaluation reserve	29	4,907,262		4,907,262	
Profit and loss reserves	30	3,100,102		2,878,470	
Total equity		<u>12,724,204</u>		<u>12,502,572</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 £221,632 (2017 - £748,681 profit).

Morris Leslie Limited

Company Balance sheet (continued)

as at 30 April 2018

The financial statements were approved by the board of directors and authorised for issue on 18 December 2018 and are signed on its behalf by:



Morris X Leslie
Director

Company Registration No. SC092397

Morris Leslie Limited

**Group statement of changes in equity
for the year ended 30 April 2018**

	Notes	Share capital £	Share premium account £	Non-distributable reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 May 2016		66,840	-	4,729,891	9,796,010	14,592,741	2,742	14,595,483
Year ended 30 April 2017:								
Profit for the year		-	-	-	2,874,757	2,874,757	-	2,874,757
Other comprehensive income:								-
Amounts attributable to non-controlling interests		-	-	-	2,742	2,742	(2,742)	-
Total comprehensive income for the year		-	-	-	2,877,499	2,877,499	(2,742)	2,874,757
Issue of share capital	27	16,710	4,633,290	-	-	4,650,000	-	4,650,000
Transfers		-	-	177,371	(177,371)	-	-	-
Balance at 30 April 2017		83,550	4,633,290	4,907,262	12,496,138	22,120,240	-	22,120,240
Year ended 30 April 2018:								
Profit and total comprehensive income for the year		-	-	-	5,892,995	5,892,995	-	5,892,995
Balance at 30 April 2018		83,550	4,633,290	4,907,262	18,389,133	28,013,235	-	28,013,235

Morris Leslie Limited

**Company statement of changes in equity
for the year ended 30 April 2018**

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 May 2016		66,840	-	4,729,891	2,307,160	7,103,891
Year ended 30 April 2017:						
Profit and total comprehensive income for the year		-	-	-	748,681	748,681
Issue of share capital	27	16,710	4,633,290	-	-	4,650,000
Transfers		-	-	177,371	(177,371)	-
Balance at 30 April 2017		83,550	4,633,290	4,907,262	2,878,470	12,502,572
Year ended 30 April 2018:						
Profit and total comprehensive income for the year		-	-	-	221,632	221,632
Balance at 30 April 2018		83,550	4,633,290	4,907,262	3,100,102	12,724,204

Morris Leslie Limited

Group statement of cash flows

for the year ended 30 April 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	38	23,761,916		21,334,813	
Interest paid		(6,288,512)		(5,073,827)	
Income taxes paid		(75,453)		(15,075)	
Net cash inflow from operating activities		17,397,951		16,245,911	
Investing activities					
Purchase of intangible assets		-		(565,981)	
Purchase of tangible fixed assets		(730,594)		(964,613)	
Proceeds on disposal of tangible fixed assets		7,917,200		7,268,817	
Purchase of investment property		(197,971)		(289,656)	
Proceeds on disposal of investment property		123,138		194,086	
Investment in associates		(324,590)		(1,608,698)	
Proceeds on disposal of associates		-		1,305,042	
Amounts advanced to directors		(26,728)		-	
Interest received		140,000		140,000	
Net share of loss of associates		(12,841)		(36,132)	
Net cash generated from investing activities		6,887,614		5,442,865	
Financing activities					
Repayment of bank loans		(937,876)		128,267	
Payment of finance leases obligations		(23,489,514)		(23,672,613)	
Net cash used in financing activities		(24,427,390)		(23,544,346)	
Net decrease in cash and cash equivalents		(141,825)		(1,855,570)	
Cash and cash equivalents at beginning of year		(5,962,768)		(2,483,398)	
Cash acquired on acquisition of subsidiary		-		(1,623,800)	
Cash and cash equivalents at end of year		(6,104,593)		(5,962,768)	
Relating to:					
Cash at bank and in hand		711,916		1,529,141	
Bank overdrafts included in creditors payable within one year		(6,816,509)		(7,491,909)	

Morris Leslie Limited

Company statement of cash flows

for the year ended 30 April 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	39	1,615,472		2,034,920	
Interest paid		(489,526)		(506,674)	
Income taxes paid		(79,532)		(371,745)	
Net cash inflow from operating activities		1,046,414		1,156,501	
Investing activities					
Purchase of tangible fixed assets		(41,058)		(21,262)	
Proceeds on disposal of tangible fixed assets		5,850		69,831	
Purchase of investment property		(197,971)		(289,656)	
Proceeds on disposal of investment property		123,138		194,086	
Investment in associates		(259,109)		(1,520,058)	
Proceeds on disposal of associates		-		1,344,548	
Amounts advanced to directors		(26,728)		-	
Interest received		140,000		140,000	
Other investment income received		1,678		(381)	
Net cash used in investing activities		(254,200)		(82,892)	
Financing activities					
Repayment of bank loans		(825,000)		(435,000)	
Payment of finance leases obligations		(337)		(8,232)	
Net cash used in financing activities		(825,337)		(443,232)	
Net (decrease)/increase in cash and cash equivalents		(33,123)		630,377	
Cash and cash equivalents at beginning of year		(1,338,911)		(1,969,288)	
Cash and cash equivalents at end of year		(1,372,034)		(1,338,911)	
Relating to:					
Cash at bank and in hand		736		3,104	
Bank overdrafts included in creditors payable within one year		(1,372,770)		(1,342,015)	

Morris Leslie Limited

Notes to the financial statements

for the year ended 30 April 2018

1 Accounting policies

Company information

Morris Leslie Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is Errol Airfield, Errol, Perth, PH2 7TB.

The group consists of Morris Leslie 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.

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.

The consolidated financial statements incorporate those of Morris Leslie 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 April 2018. 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.

1 Accounting policies (continued)

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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 hire, 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.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income is recognised when it is probable that the economic benefit will flow to the company and the amount of revenue can be measured reliably, Rental income is accrued on a time basis, by reference to the lease agreement.

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 5 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.

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

1 Accounting policies (continued)

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.

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:

Land and buildings Freehold	2.5% - 5% reducing balances
Land and buildings Leasehold	2.5% - 5% reducing balance
Plant and machinery	14% - 25% straight line
Fixtures, fittings & equipment	25% straight line
Motor vehicles	33.3% straight line

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.

Assets which are due to be sold in the coming year are transferred out of fixed assets and held as stock.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.8 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.

Notes to the financial statements (continued)

for the year ended 30 April 2018

1 Accounting policies (continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 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.

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.

1 Accounting policies (continued)

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.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 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.

1.12 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.

Notes to the financial statements (continued)

for the year ended 30 April 2018

1 Accounting policies (continued)

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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.

Notes to the financial statements (continued)

for the year ended 30 April 2018

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies 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.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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.

Derecognition of financial liabilities

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

1.13 Equity instruments

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

1.14 Taxation

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

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.

1 Accounting policies (continued)

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.

1.15 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.

1.16 Retirement benefits

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

1.17 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 the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

1 Accounting policies (continued)

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Useful lives of tangible assets

The nature of the business is such that investment in fixed assets is carried out each year in order to ensure Morris Leslie Limited maintains a modern fleet of plant which enable them to service their customers and deliver the high standards of service the company prides itself on. As part of the investment process the directors are required to assess the useful lives of these assets to accurately apply depreciation. These estimates are based on comparable depreciation rates applied by others in the same sector and the directors' own knowledge and experience built up over many years.

Carrying value of investment properties

As part of the year end process the directors have made an assessment as to the fair value of investment properties. Whilst no formal valuations have been carried out in the year, the directors are involved in the local property market on a regular basis and therefore have good working knowledge of current market values. Although there is some degree of estimation involved in arriving at fair values the directors are content that any potential differences are wholly immaterial.

Accruals

Management estimate requirements for accruals using post year end information and information available from detailed budgets. This identified costs and income that are expected to be incurred or received for goods/services provided by and to other parties. Accruals are only released when there is a reasonable expectation that these costs will not be invoiced in the future.

Stock valuation

In arriving at the valuation of stock it may be necessary for management to make an assessment over the carrying value of stock items and where applicable apply a provision to amend this carrying value to a more accurate level. These provisions are arrived at using managements knowledge and understanding of the business and the industry in which it operates and focuses on potentially obsolete or old items for which the full value may no longer be recoverable.

Morris Leslie Limited

Notes to the financial statements (continued) for the year ended 30 April 2018

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018 £	2017 £
Turnover analysed by class of business		
Plant	75,964,358	42,311,386
Property	2,018,010	2,405,829
Auction	2,143,628	2,164,543
Other	7,499,803	5,650,591
	87,625,799	52,532,349

	2018 £	2017 £
Other significant revenue		
Interest income	140,000	140,000

	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	75,111,248	49,868,596
European Union	10,739,926	1,759,235
United States of America	405,383	73,838
Rest of World	1,369,242	830,680
	87,625,799	52,532,349

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(12)	17,944
Depreciation of owned tangible fixed assets	5,822,794	3,888,019
Depreciation of tangible fixed assets held under finance leases	6,218,240	5,673,315
Profit on disposal of tangible fixed assets	(907,333)	(1,613,695)
Profit on disposal of investment property	(65,074)	(101,184)
Amortisation of intangible assets	113,196	113,196
Stocks impairment losses recognised or reversed	7,713	656,913
Operating lease charges	1,229,994	1,326,478

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	10,900	10,475
Audit of the financial statements of the company's subsidiaries	34,000	31,100
	<u>44,900</u>	<u>41,575</u>

6 Employees

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

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Management, administration and operational staff	316	261	44	40

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	9,282,820	6,870,566	525,115	597,085
Social security costs	937,133	751,657	38,870	59,185
Pension costs	192,614	155,286	14,999	17,192
	<u>10,412,567</u>	<u>7,777,509</u>	<u>578,984</u>	<u>673,462</u>

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	251,543	357,770
Company pension contributions to defined contribution schemes	8,200	13,325
	<u>259,743</u>	<u>371,095</u>

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

7 Directors' remuneration (continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	<u>248,677</u>	<u>248,926</u>

8 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest receivable from group companies	140,000	140,000
Income from fixed asset investments		
Income from participating interests - associates	1,678	(381)
Income from participating interests - joint ventures	<u>(14,519)</u>	<u>(35,751)</u>
Total income	<u>127,159</u>	<u>103,868</u>

9 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	611,451	583,712
Interest on finance leases and hire purchase contracts	5,549,584	4,405,859
Interest on invoice finance arrangements	<u>127,477</u>	<u>84,256</u>
	<u>6,288,512</u>	<u>5,073,827</u>

10 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	-	108,870
Adjustments in respect of prior periods	<u>(22,471)</u>	<u>559</u>
Total current tax	<u>(22,471)</u>	<u>109,429</u>

Morris Leslie Limited**Notes to the financial statements (continued)****for the year ended 30 April 2018****10 Taxation (continued)****Deferred tax**

Origination and reversal of timing differences	1,770,948	432,737
Changes in tax rates	-	(197,737)
Adjustment in respect of prior periods	(4,661,957)	(108,446)
	<u></u>	<u></u>
Total deferred tax	(2,891,009)	126,554
	<u></u>	<u></u>
Total tax (credit)/charge for the year	(2,913,480)	235,983
	<u></u>	<u></u>

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

	2018	2017
	£	£
Profit before taxation	2,979,515	3,110,740
	<u></u>	<u></u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2017: 19%)	566,108	591,041
Tax effect of expenses that are not deductible in determining taxable profit	11,664	25,419
Tax effect of income not taxable in determining taxable profit	(122,615)	(71,677)
Chargeable gains	176,206	21,259
Unutilised tax losses carried forward	1,914,527	4,714
Adjustments in respect of prior years	(22,471)	559
Effect of change in corporation tax rate	-	5,425
Permanent capital allowances in excess of depreciation	-	853
Depreciation on assets not qualifying for tax allowances	(9,599)	(21,847)
Other non-reversing timing differences	(515,242)	-
Deferred tax adjustments in respect of prior years	(4,661,957)	150,248
Provision movement	(42,009)	37,838
Deferred Tax - change in tax rate	(208,092)	(507,849)
	<u></u>	<u></u>
Taxation (credit)/charge for the year	(2,913,480)	235,983
	<u></u>	<u></u>

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 May 2017 and 30 April 2018	565,981
	<hr/>
Amortisation and impairment	
At 1 May 2017	113,196
Amortisation charged for the year	113,196
	<hr/>
At 30 April 2018	226,392
	<hr/>
Carrying amount	
At 30 April 2018	339,589
	<hr/>
At 30 April 2017	452,785
	<hr/>

On the 31 October 2016, the group acquired control of Causeway Tractors Limited via a share exchange. This transaction gave rise to goodwill which is being amortised straight line over 5 years.

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

12 Tangible fixed assets

Group	Land and buildings Freehold	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 May 2017	1,075,258	360,635	77,665,840	1,497,224	5,141,108	85,740,065
Additions	15,091	237,710	59,344,819	63,567	473,870	60,135,057
Disposals	-	-	(8,912,414)	-	(512,769)	(9,425,183)
Transfers to stock	-	-	(37,134,175)	-	-	(37,134,175)
At 30 April 2018	1,090,349	598,345	90,964,070	1,560,791	5,102,209	99,315,764
Depreciation and impairment						
At 1 May 2017	318,607	8,589	14,411,494	912,946	1,604,268	17,255,904
Depreciation charged in the year	31,709	43,301	10,717,297	170,482	1,078,245	12,041,034
Eliminated in respect of disposals	-	-	(1,919,956)	-	(153,794)	(2,073,750)
Transfers to stock	-	-	(9,171,222)	-	-	(9,171,222)
At 30 April 2018	350,316	51,890	14,037,613	1,083,428	2,528,719	18,051,966
Carrying amount						
At 30 April 2018	740,033	546,455	76,926,457	477,363	2,573,490	81,263,798
At 30 April 2017	756,651	352,046	63,254,346	584,278	3,536,840	68,484,161

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

Company	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 May 2017	352,132	23,023	39,920	73,685	488,760
Additions	5,777	4,900	13,731	16,650	41,058
Disposals	-	-	-	(13,500)	(13,500)
At 30 April 2018	357,909	27,923	53,651	76,835	516,318
Depreciation and impairment					
At 1 May 2017	318,607	11,656	39,920	45,068	415,251
Depreciation charged in the year	15,933	4,771	-	14,541	35,245
Eliminated in respect of disposals	-	-	-	(12,656)	(12,656)
At 30 April 2018	334,540	16,427	39,920	46,953	437,840
Carrying amount					
At 30 April 2018	23,369	11,496	13,731	29,882	78,478
At 30 April 2017	33,525	11,367	-	28,617	73,509

The carrying value of land and buildings comprises:

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Freehold	730,524	742,433	13,860	19,307
Long leasehold	9,509	14,218	9,509	14,218
	740,033	756,651	23,369	33,525

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

12 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		Company	
	2018	2017	2018	2017
	£	£	£	£
Plant and machinery	76,955,391	59,045,631	-	-
Motor vehicles	314,267	472,911	-	3,375
	77,269,658	59,518,542	-	3,375
Depreciation charge for the year in respect of leased assets	6,218,240	5,673,315	-	3,375

13 Investment property

	Group	Company
	2018	2018
	£	£
Fair value		
At 1 May 2017	18,645,927	18,645,927
Additions through external acquisition	197,971	197,971
Disposals	(58,064)	(58,064)
At 30 April 2018	18,785,834	18,785,834

Investment property comprises a range of commercial and residential properties let to third parties. The fair value of the investment property has been arrived at on the basis of a valuation carried out at March 2014 by DTZ Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. The Directors believe this still represents a fair value at 30 April 2018.

The carrying value of investment property comprises:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Freehold	17,699,632	17,717,143	17,699,632	17,717,143
Long leasehold	1,086,202	928,784	1,086,202	928,784
	18,785,834	18,645,927	18,785,834	18,645,927

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

14 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	15	-	-	4,804,271	4,804,271
Investments in associates	16	41,904	41,904	-	-
Loans to associates	16	6,660,448	6,335,858	6,847,758	6,588,649
		<u>6,702,352</u>	<u>6,377,762</u>	<u>11,652,029</u>	<u>11,392,920</u>

Movements in fixed asset investments

Group	Shares in group undertakings and participating interests £	Loans to group undertakings and participating interests £	Total £
Cost or valuation			
At 1 May 2017	41,904	6,335,858	6,377,762
Additions	-	324,590	324,590
At 30 April 2018	<u>41,904</u>	<u>6,660,448</u>	<u>6,702,352</u>
Carrying amount			
At 30 April 2018	<u>41,904</u>	<u>6,660,448</u>	<u>6,702,352</u>
At 30 April 2017	<u>41,904</u>	<u>6,335,858</u>	<u>6,377,762</u>

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

14 Fixed asset investments (continued)

Movements in fixed asset investments

Company	Shares in group undertakings and participating interests £	Loans to group undertakings and participating interests £	Total £
Cost or valuation			
At 1 May 2017	4,804,271	6,588,649	11,392,920
Additions	-	259,109	259,109
At 30 April 2018	4,804,271	6,847,758	11,652,029
Carrying amount			
At 30 April 2018	4,804,271	6,847,758	11,652,029
At 30 April 2017	4,804,271	6,588,649	11,392,920

15 Subsidiaries

Details of the company's subsidiaries at 30 April 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Causeway Tractors Ltd	England	Sale of plant & machinery	Ordinary	100.00
Morris Leslie (Selby) Ltd	England	Dormant	Ordinary	100.00
Morris Leslie Aviation Ltd	England	Dormant	Ordinary	100.00
Morris Leslie Plant Hire Ltd	Scotland	Hire of plant & machinery	Ordinary	100.00
Morris Leslie Plant Ltd	Scotland	Sale of plant & machinery	Ordinary	100.00
Morris Leslie Property Ltd	Scotland	Property rental	Ordinary	100.00
Morris Leslie South East Ltd	England	Hire of plant & machinery	Ordinary	100.00
Morris Leslie Vehicle Auctions Ltd	Scotland	Sale of motor vehicles	Ordinary	100.00

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

16 Associates

Details of associates at 30 April 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Morris Leslie Partnership	Scotland	Investment property and farming	Share of profits/losses	1.00

17 Joint ventures

Details of joint ventures at 30 April 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Glenmor LLP	Scotland	Investment property	Share of profits/losses	50.00

* Investment held through Morris Leslie Property Limited.

18 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	16,128,795	16,079,857	7,642,741	8,264,229
Carrying amount of financial liabilities				
Measured at amortised cost	129,915,171	116,618,233	17,553,768	18,149,711

19 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Finished goods and goods for resale	40,878,738	36,029,567	70,296	2,775

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

20 Debtors

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	8,552,705	8,744,376	208,081	91,032
Amounts due from group undertakings	-	-	240,639	1,390,905
Amounts due from associate undertakings	572,409	550,407	211,015	121,896
Other debtors	402,372	1,058,132	61,298	71,747
Prepayments and accrued income	731,130	764,235	133,324	188,065
	<u>10,258,616</u>	<u>11,117,150</u>	<u>854,357</u>	<u>1,863,645</u>
Amounts falling due after more than one year:				
Other debtors	73,950	-	73,950	-
Deferred tax asset (note 25)	726,682	-	-	-
	<u>800,632</u>	<u>-</u>	<u>73,950</u>	<u>-</u>
Total debtors	<u>11,059,248</u>	<u>11,117,150</u>	<u>928,307</u>	<u>1,863,645</u>

21 Creditors: amounts falling due within one year

		Group 2018	2017	Company 2018	2017
	Notes	£	£	£	£
Bank loans and overdrafts	23	7,513,516	8,815,785	1,952,770	2,553,015
Obligations under finance leases	24	24,931,600	24,061,883	-	337
Trade creditors		3,297,663	4,457,017	204,860	274,747
Amounts due to group undertakings		-	-	6,774,952	6,402,968
Amounts due to associate undertakings		5,994,297	2,001,358	2,629,521	1,502,559
Corporation tax payable		2,484	100,408	65,845	118,289
Other taxation and social security		805,483	628,183	126,475	169,961
Other creditors		2,227,593	852,340	209,612	198,816
Accruals and deferred income		1,595,231	1,011,256	136,053	177,269
		<u>46,367,867</u>	<u>41,928,230</u>	<u>12,100,088</u>	<u>11,397,961</u>

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

22 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	23	5,979,384	6,290,391	5,646,000	5,840,000
Obligations under finance leases	24	78,375,887	67,928,203	-	-
Amounts due to associate undertakings	23	-	1,200,000	-	1,200,000
		<u>84,355,271</u>	<u>75,418,594</u>	<u>5,646,000</u>	<u>7,040,000</u>

23 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	6,676,391	7,614,267	6,226,000	7,051,000
Bank overdrafts	6,816,509	7,491,909	1,372,770	1,342,015
Other loans	-	1,200,000	-	1,200,000
	<u>13,492,900</u>	<u>16,306,176</u>	<u>7,598,770</u>	<u>9,593,015</u>
Payable within one year	7,513,516	8,815,785	1,952,770	2,553,015
Payable after one year	5,979,384	7,490,391	5,646,000	7,040,000

At the year end the bank loans and overdraft are secured by a floating charge over the assets of the company, a standard security over specific land and buildings, a personal guarantee from Mr Morris Y Leslie of £425,000 (2017 - £4,165,000) and security over certain of his personal assets.

The Group has two loan agreements with The Royal Bank of Scotland Plc. The first of £6,420,000 is repayable over 5 years with no repayments for 36 months and a final repayment of £5,405,000. Interest is charged at 2% over LIBOR with the Group having entered into an amortising fixed rate LIBOR swap agreement against the loan at a rate of 6.96%. The second loan of £2,226,000 is repayable over 3 years with a final repayment of £631,000 and bears interest at 2.95% over LIBOR.

The group also has a loan with Clydesdale Bank Plc. The bank loan amounting to £450,391 (2017 - £563,267) is repayable in monthly instalments, attracts interest at 3.6% and is due to be repaid fully by December 2021.

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

23 Loans and overdrafts (continued)

Bank overdrafts includes £3,008,110 (2017 - £3,598,999) received from an invoice factor. The year end balance is secured against £7,006,514 (2017 - £7,117,885) of trade debtors.

After the year end all loans were repaid and securities existing at the year end were released as part of a rebanking exercise.

Other loans in the previous year relate to an unsecured loan from a related party and there are no formal repayment terms or interest charges attached.

24 Finance lease obligations

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	24,931,600	24,061,883	-	337
In two to five years	78,375,887	67,928,203	-	-
	103,307,487	91,990,086	-	337

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 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. These leases are secured against the assets concerned.

25 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities	Assets	Assets
	2018	2017	2018	2017
Group	£	£	£	£
Accelerated capital allowances	-	2,164,327	726,682	-
Revaluations	1,005,102	1,005,102	-	-
	1,005,102	3,169,429	726,682	-

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

25 Deferred taxation (continued)

Company	Liabilities 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
Accelerated capital allowances	40,286	36,245	-	-
Revaluations	1,005,102	1,005,102	-	-
	<u>1,045,388</u>	<u>1,041,347</u>	<u>-</u>	<u>-</u>

Movements in the year:	Group 2018 £	Company 2018 £
Liability at 1 May 2017	3,169,429	1,041,347
(Credit)/charge to profit or loss	(2,891,009)	4,041
Liability at 30 April 2018	<u>278,420</u>	<u>1,045,388</u>

Deferred tax is not recognised in respect of tax losses of £10,427,821 as it is not yet probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

26 Retirement benefit schemes

Defined contribution schemes	2018 £	2017 £
Charge to profit or loss in respect of defined contribution schemes	<u>192,614</u>	<u>155,286</u>

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.

27 Share capital

Ordinary share capital	Group and company 2018 £	2017 £
Issued and fully paid		
83,550 Ordinary shares of £1 each	<u>83,550</u>	<u>83,550</u>

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

27 Share capital (continued)

Each ordinary share carries one vote and is entitled to participate pari passu with other ordinary shares in any dividend or capital distribution.

28 Share premium account

Share premium represents the excess paid over the par value of share on issue.

29 Non-distributable reserve

Non-distributable reserves represent the revaluation of properties less associated deferred tax liabilities and are not distributable to shareholders.

30 Profit and loss reserves

Profit and loss reserves include all current and prior years retained profit and losses.

31 Financial commitments, guarantees and contingent liabilities

The company is party with certain other group companies, being Morris Leslie Plant Limited, , Morris Leslie Plant Hire Limited, Morris Leslie South East Limited and Morris Leslie (Selby) Limited to an unlimited inter-company guarantee to the bank for borrowings. At 30 April 2018 the amount guaranteed was £10,003,972 (2017 - £10,448,727).

32 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Within one year	1,174,521	1,207,826	176,376	212,034
Between two and five years	3,289,244	3,289,591	539,178	624,333
In over five years	7,812,276	8,188,799	50,000	139,178
	12,276,041	12,686,216	765,554	975,545

Morris Leslie Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

32 Operating lease commitments (continued)

Lessor

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Within one year	835,393	1,334,913	802,645	1,295,259
Between two and five years	1,858,986	1,780,468	1,858,986	1,780,468
In over five years	605,134	1,129,517	605,134	1,129,517
	3,299,513	4,244,898	3,266,765	4,205,244

33 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Acquisition of tangible fixed assets	31,729,674	49,601,796	-	-

34 Events after the reporting date

On the 24th May 2018 Morris Leslie Plant Hire Limited completed the acquisition of the assets and business of Chertsey Plant Hire Limited.

35 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018	2017
	£	£
Aggregate compensation	395,093	415,391

Morris Leslie Limited**Notes to the financial statements (continued)****for the year ended 30 April 2018****35 Related party transactions (continued)****Transactions with related parties**

During the year the group entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2018	2017	2018	2017
	£	£	£	£
Group				
Other related parties	304,395	2,037,137	1,058,017	722,388
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Company				
Other related parties	251,162	789,916	297,199	408,195
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	2018	2017
	£	£
Group		
Other related parties	5,994,297	3,201,358
	<u><u> </u></u>	<u><u> </u></u>
Company		
Other related parties	2,629,521	2,702,559
	<u><u> </u></u>	<u><u> </u></u>

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	2018	2017
	Balance	Balance
	£	£
Group		
Other related parties	572,409	550,407
	<u><u> </u></u>	<u><u> </u></u>
Company		
Key management personnel	85,950	49,177
Other related parties	211,015	121,896
	<u><u> </u></u>	<u><u> </u></u>

Morris Leslie Limited**Notes to the financial statements (continued)****for the year ended 30 April 2018****36 Directors' transactions**

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
Directors loan	-	-	26,728	26,728
Directors loan	-	18,000	-	18,000
		<u>18,000</u>	<u>26,728</u>	<u>44,728</u>

37 Controlling party

The company is controlled by Morris Y Leslie.

38 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	5,892,995	2,874,757
Adjustments for:		
Taxation (credited)/charged	(2,913,480)	235,983
Finance costs	6,288,512	5,073,827
Investment income	(127,159)	(103,868)
Gain on disposal of tangible fixed assets	(907,333)	(1,613,694)
Gain on disposal of investment property	(65,074)	(101,184)
Amortisation and impairment of intangible assets	113,196	113,196
Depreciation and impairment of tangible fixed assets	12,041,034	9,561,334
Gain on sale of investments	-	(886,003)
Movements in working capital:		
(Increase)/decrease in stocks	(1,142,199)	7,787,569
Decrease/(increase) in debtors	811,312	(3,008,935)
Increase in creditors	3,770,112	1,401,831
Cash generated from operations	<u>23,761,916</u>	<u>21,334,813</u>

Morris Leslie Limited**Notes to the financial statements (continued)**
for the year ended 30 April 2018**38 Cash generated from operations - company**

	2018	2017
	£	£
Profit for the year after tax	221,632	748,681
Adjustments for:		
Taxation charged/(credited)	31,129	(164,663)
Finance costs	489,526	506,674
Investment income	(141,678)	(139,619)
Gain on disposal of tangible fixed assets	(5,006)	(800)
Gain on disposal of investment property	(65,074)	(101,184)
Depreciation and impairment of tangible fixed assets	35,245	65,637
Gain on sale of investments	-	(534,682)
Movements in working capital:		
(Increase) in stocks	(67,521)	(603)
Decrease/(increase) in debtors	962,066	(1,498,343)
Increase in creditors	155,153	3,153,822
Cash generated from operations	<u>1,615,472</u>	<u>2,034,920</u>