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POLLOCK HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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POLLOCK HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mrs C Pollock Mr F Pollock Mr I Pollock Mr S Pollock
Company number	SC516446
Registered office	10 Blackburn Road Bathgate WEST LOTHIAN EH48 2EY
Auditor	Johnston Carmichael LLP 227 West George Street GLASGOW G2 2ND

POLLOCK HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Group profit and loss account	8
Group statement of comprehensive income	9
Group balance sheet	10
Company balance sheet	11
Group statement of changes in equity	12
Company statement of changes in equity	13
Group statement of cash flows	14
Notes to the financial statements	15 - 32

POLLOCK HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The directors present the strategic report for the 52 week period ended 31 August 2020.

Principal activities

The principal activities of the group during the year remained the provision of general haulage, pallet distribution and warehousing services within the United Kingdom.

Fair review of the business

The directors are delighted to report a pre-tax profit of £396k (2019 - £236k loss) for the year under review. This result is now our core business after removing our underperforming subsidiary company. Net assets of the group are £4.3m (2019 - £3.7m) at the end of the period.

Our principal trading subsidiary, Pollock (Scotrans) Limited is pleased to report an increase in net profit in the period under review, despite lower turnover levels following the UK Spring Covid-19 lockdown. The company hopes to return to its 2019 turnover levels in the coming year.

The increase in net profits has been achieved by our healthy mix of contract work undertaken, reducing empty running miles and active management of our cost base.

Our London based transport brokerage, Pollock Express continues to make a modest but positive contribution to the results of the group.

Compliance with best practice in our health and safety procedures and our in-house driver trainers delivering skills training to our drivers, based on identified need or new regulatory developments, are extremely important to the company. To ensure that we remain focused and up to date with all relevant issues, our cross-departmental Risk & Insurance Group meets fortnightly and is regularly briefed by our insurers and other relevant third parties on key issues.

During the period, the group has continued to invest in our employee team through the recruitment and development of apprentices in both our office based teams and in our workshops, and also offering staff members the opportunity to gain CPC Transport Manager qualifications.

We continue to invest in our vehicle fleet and in the automation of business processes. Additionally, the continual upgrade of software in our fleet will ensure that we have the ability to forward plan our scheduling and maintenance, delivering improved performance to our customers.

POLLOCK HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Principal risks and uncertainties

The group continues to operate in a very competitive UK transport industry in which cost pressures and a shortage of experienced and qualified drivers are expected to continue to affect all participants.

Against that background we would describe the principal risks and uncertainties facing our business as follows:

Risk Factor	Mitigation and management
Pressure on margins due to industry-wide price competition	We are seeking to mitigate these risks by continuing our investment of both time and resources into the acquisition and implementation of technology which will improve the efficiency of our operations.
Shortage of experienced and qualified drivers	We seek to ensure that our company remains attractive to existing and prospective drivers by offering them inhouse training, high quality work, in a modern and well maintained vehicle fleet
Significant increase in fuel prices	We seek to mitigate that risk by the inclusion wherever possible of fuel escalators within key customer contracts which will allow us to pass on an element of an increase in our fuel price, based on a predetermined formula

Going concern and COVID-19

The directors have considered the immediate and longer term impact of the Covid-19 pandemic for the group and company. Whilst being an essential supplier during these difficult times, the business has avoided any worst case sensitivities. Action has been taken to reduce the overhead cost base of the business where appropriate and also safeguard cashflow by utilising government support initiatives. After a careful review of the business forecasts, making prudent assumptions for new business opportunities, the directors are satisfied that the cashflow forecasts support that there is no material uncertainty in relation to the going concern position of the business. The directors are committed to carrying out regular reviews of the group and company's cash flows to monitor the ongoing situation and take further steps as required.

On behalf of the board



Mr F Pollock
Director

22 December 2020

POLLOCK HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

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

Principal activities

The principal activity of the company during the year is to be a holding company. The principal activities of the group during the year remained the provision of general haulage, pallet distribution and warehousing services within the United Kingdom.

Directors

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

Mrs C Pollock
Mr F Pollock
Mr I Pollock
Mr S Pollock

Results and dividends

The results for the period are set out on page 8.

Ordinary dividends were declared amounting to £245,629. The directors do not recommend payment of a further dividend for the year.

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

It is company policy that management should consult regularly with employees on matters which affect their employment and their views should be taken into account when decisions are taken which will affect their interests. It is policy to keep employees informed of developments and performance across the group.

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

POLLOCK HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

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



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Mr F Pollock
Director

22 December 2020

POLLOCK HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POLLOCK HOLDINGS LIMITED

Opinion

We have audited the financial statements of Pollock Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2020 which comprise the Group Profit & Loss Account, Group Balance Sheet, Company Balance Sheet, Group Statement of Changes in Equity, Company Statement of Changes in Equity, Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 August 2020 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

POLLOCK HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF POLLOCK HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

POLLOCK HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POLLOCK HOLDINGS LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

James Hamilton (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

23 December 2020
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Chartered Accountants
Statutory Auditor

227 West George Street
GLASGOW
G2 2ND

POLLOCK HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Continuing operations £	Discontinued operations £	31 August 2020 £	Continuing operations £	Discontinued operations £	31 August 2019 £
Turnover	3						
Cost of sales		28,170,242 (24,804,058)	-	28,170,242 (24,804,058)	29,095,969 (26,920,025)	2,056,322 (2,526,186)	31,152,291 (29,446,211)
Gross profit		3,366,184	-	3,366,184	2,175,944	(469,864)	1,706,080
Administrative expenses		(2,671,831)	-	(2,671,831)	(1,740,752)	(318,518)	(2,059,270)
Other operating income		139,121	-	139,121	5,140	-	5,140
Operating profit/(loss)	4	833,474	-	833,474	440,332	(788,382)	(348,050)
Interest payable and similar expenses	7	(437,011)	-	(437,011)	(302,802)	(5,818)	(308,620)
Gain on disposal of subsidiary	11	-	-	-	-	420,961	420,961
Profit/(loss) before taxation		396,463	-	396,463	137,530	(373,239)	(235,709)
Tax on profit/(loss)	8	(130,415)	-	(130,415)	(59,517)	-	(59,517)
Total comprehensive income/(expenditure) for the year		266,048	-	266,048	78,013	(373,239)	(295,226)

Total comprehensive income/(expenditure) is all attributable to the owner of the parent company.

POLLOCK HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2020

	2020	2019
	£	£
Profit/(loss) for the year	266,048	(295,226)
Other comprehensive income		
Revaluation of tangible fixed assets	598,138	-
Total comprehensive (expense) / income for the year	<u>864,186</u>	<u>(295,226)</u>

Total comprehensive (expense) / income for the year is all attributable to the owners of the parent company.

POLLOCK HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	As at 31 August 2020		As at 31 August 2019	
		£	£	£	£
Fixed assets					
Tangible assets	11		10,963,367		9,813,266
Current assets					
Stocks	16	53,965		53,436	
Debtors	17	6,774,963		7,025,778	
Cash at bank and in hand		1,067,826		46,751	
		<u>7,896,754</u>		<u>7,125,965</u>	
Creditors: amounts falling due within one year	18	<u>(10,139,933)</u>		<u>(10,449,187)</u>	
Net current liabilities			<u>(2,243,179)</u>		<u>(3,323,222)</u>
Total assets less current liabilities			<u>8,720,188</u>		<u>6,490,044</u>
Creditors: amounts falling due after more than one year	19		<u>(4,058,365)</u>		<u>(2,538,257)</u>
Provisions for liabilities	22		<u>(318,499)</u>		<u>(227,020)</u>
Net assets			<u><u>4,343,324</u></u>		<u><u>3,724,767</u></u>
Capital and reserves					
Called up share capital	24		80,200		80,200
Revaluation reserve	25		982,893		1,584,755
Other reserves	26		505,000		505,000
Profit and loss reserves	27		2,775,231		1,554,812
Total equity			<u><u>4,343,324</u></u>		<u><u>3,724,767</u></u>

The financial statements were approved by the board of directors and authorised for issue on 22 December 2020 and are signed on its behalf by:



Mr F Pollock
Director

POLLOCK HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	As at 31 August 2020		As at 31 August 2019	
		£	£	£	£
Fixed assets					
Investment properties	12	3,925,000		3,326,862	
Investments	13	75,200		75,200	
		4,000,200		3,402,062	
Current assets					
Debtors	17	331,040		408,907	
Cash at bank and in hand		401,408		-	
		732,448		408,907	
Creditors: amounts falling due within one year	18	(1,274,381)		(1,488,067)	
Net current liabilities		(541,933)		(1,079,160)	
Total assets less current liabilities		3,458,267		2,322,902	
Creditors: amounts falling due after more than one year	19	(816,667)		-	
Net assets		2,641,600		2,322,902	
Capital and reserves					
Called up share capital	24	80,200		80,200	
Revaluation reserve	25	982,893		1,584,755	
Profit and loss reserves	27	1,578,507		657,947	
Total equity		2,641,600		2,322,902	

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 £564,327 (2019 - £384,208 loss).

The financial statements were approved by the board of directors and authorised for issue on 22 December 2020 and are signed on its behalf by:



Mr F Pollock
Director

Company Registration No. SC516446

POLLOCK HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 26 August 2018		80,200	1,584,755	505,000	1,850,038	4,019,993
Period ended 31 August 2019:						
Loss and total comprehensive income for the period		-	-	-	(295,226)	(295,226)
Balance at 31 August 2019		80,200	1,584,755	505,000	1,554,812	3,724,767
Year ended 31 August 2020:						
Profit for the year		-	-	-	266,048	266,048
Other comprehensive income:						
Revaluation of tangible fixed assets		-	598,138	-	-	598,138
Total comprehensive expense for the year		-	598,138	-	266,048	864,186
Issue of share capital	24	1,200,000	(1,200,000)	-	-	-
Dividends	10	-	-	-	(245,629)	(245,629)
Cancellation of shares	24	(1,200,000)	-	-	1,200,000	-
Balance at 31 August 2020		80,200	982,893	505,000	2,775,231	4,343,324

POLLOCK HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2020

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 26 August 2018		80,200	1,584,755	1,042,155	2,707,110
Period ended 31 August 2019:					
Loss and total comprehensive income for the period		-	-	(384,208)	(384,208)
Balance at 31 August 2019		80,200	1,584,755	657,947	2,322,902
Year ended 31 August 2020:					
Profit and total comprehensive expense for the year		-	-	564,327	564,327
Issue of share capital	24	1,200,000	(1,200,000)	-	-
Dividends	10	-	-	(245,629)	(245,629)
Cancellation of shares	24	(1,200,000)	-	1,200,000	-
Transfer on revaluation of investment property		-	598,138	(598,138)	-
Balance at 31 August 2020		80,200	982,893	1,578,507	2,641,600

POLLOCK HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	31	3,531,345		2,925,824	
Interest paid		(437,011)		(308,620)	
Income taxes paid		(78,311)		(17,898)	
Net cash inflow from operating activities		3,016,023		2,599,306	
Investing activities					
Purchase of tangible fixed assets		(110,418)		-	
Proceeds on disposal of tangible fixed assets		206,594		795,270	
Cash on disposal of subsidiary		-		(36,551)	
Net cash generated from investing activities		96,176		758,719	
Financing activities					
Proceeds of new bank loans		1,000,000		-	
Repayment of bank loans		(377,247)		(17,344)	
Payment of finance leases obligations		(1,874,770)		(2,104,490)	
Dividends paid to equity shareholders		(245,629)		-	
Movement on directors' loans		59,898		(201,974)	
Net cash used in financing activities		(1,437,748)		(2,323,808)	
Net increase in cash and cash equivalents		1,674,451		1,034,217	
Cash and cash equivalents at beginning of year		(4,639,503)		(5,673,720)	
Cash and cash equivalents at end of year		(2,965,052)		(4,639,503)	
Relating to:					
Cash at bank and in hand		1,067,826		46,751	
Bank overdrafts included in creditors payable within one year		(4,032,878)		(4,686,254)	

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

Company information

Pollock Holdings Limited ("the company") is a limited company domiciled and incorporated in Scotland. The registered office is 10 Blackburn Road, Bathgate, West Lothian, EH48 2EY. The company's registration number is SC516446.

The group consists of Pollock Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties 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. Investments in subsidiaries are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Pollock Holdings Limited and all of its subsidiaries (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 31 August 2020. 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.

The company has granted its subsidiary, Pollock Express Limited (SC171663), a statement of guarantee under section 479 of the Companies Act 2006 in order to exempt it from the requirement for its financial statements to be audited.

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. At 31 August 2020, the group has a net current liabilities position of £2.2m (2019 - £3.3m), however after a careful review of the business forecasts, making prudent assumptions for new business opportunities, the directors are satisfied that the cashflow forecasts support that there is no material uncertainty in relation to the going concern position of the business. The directors are committed to carrying out regular reviews of the group and company's cash flows to monitor the on-going situation and take further steps as required.

1.4 Turnover

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

Turnover for road haulage is recognised at the point at which deliveries have been completed. Warehouse storage charges are billed periodically reflecting the amount of space occupied on a week-to-week basis.

1.5 Tangible fixed assets

With the exception of freehold property, 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:

Plant & equipment	10 - 20% straight line
Motor vehicles	20% straight line
Commercial Vehicles	10 - 20% straight line

Freehold property is stated in the balance sheet at revalued amounts, being the fair value on the date of revaluation less any subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which could be determined using fair values at the reporting end date.

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

1.6 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.

1.7 Fixed asset investments

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

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

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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.

1.9 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

1.10 Cash and cash equivalents

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.

1.11 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.

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

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

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

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

Derecognition of financial liabilities

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

1.12 Equity instruments

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

1.13 Taxation

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

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

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

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

1.14 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.

1.15 Retirement benefits

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

1.16 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.

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.

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.

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Useful lives of tangible fixed assets

In order to depreciate fixed assets over their useful lives, the directors must estimate the length of these useful lives. While they have adopted estimates which reflect those used for similar assets in similar industries, the actual length of time that an asset is used for may vary from the estimate. At 31 August 2020, the carrying value of tangible fixed assets was £10,963,367 (2019 - £9,813,266).

3 Turnover and other revenue

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

	2020 £	2019 £
Turnover analysed by class of business		
Haulage, transportation and warehousing services	28,170,242	31,152,291
	<u>28,170,242</u>	<u>31,152,291</u>
	2020 £	2019 £
Other significant revenue		
Grants received	139,121	-
	<u>139,121</u>	<u>-</u>
	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	28,170,242	31,152,291
	<u>28,170,242</u>	<u>31,152,291</u>

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

4 Operating profit/(loss)

	2020 £	2019 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	(139,121)	-
Depreciation of owned tangible fixed assets	492,349	547,653
Depreciation of tangible fixed assets held under finance leases	1,375,310	1,222,278
Profit on disposal of tangible fixed assets	(8,683)	(5,229)
Operating lease charges	1,443,224	1,711,652
	<u>1,443,224</u>	<u>1,711,652</u>

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	-	4,000
Audit of the financial statements of the company's subsidiaries	17,500	22,444
	<u>17,500</u>	<u>26,444</u>

6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Drivers, warehouse & security	210	197	-	-
Office staff	40	42	-	-
Directors	4	4	-	-
	<u>254</u>	<u>243</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	7,269,574	7,581,479	-	-
Social security costs	684,501	618,339	-	-
Pension costs	181,316	68,025	-	-
	<u>8,135,391</u>	<u>8,267,843</u>	<u>-</u>	<u>-</u>

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

7 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	40,832	17,722
Interest on finance leases and hire purchase contracts	253,013	174,262
Interest on invoice finance arrangements	143,166	116,636
	<u>437,011</u>	<u>308,620</u>

8 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	38,565	65,097
Adjustments in respect of prior periods	371	4,382
Total current tax	<u>38,936</u>	<u>69,479</u>
Deferred tax		
Origination and reversal of timing differences	62,419	(10,667)
Changes in tax rates	26,956	-
Adjustment in respect of prior periods	2,104	705
Total deferred tax	<u>91,479</u>	<u>(9,962)</u>
Total tax charge	<u>130,415</u>	<u>59,517</u>

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

8 Taxation

(Continued)

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:

	2020 £	2019 £
Profit/(loss) before taxation	396,463	(235,709)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	75,328	(44,785)
Tax effect of expenses that are not deductible in determining taxable profit	(85,049)	97,960
Tax effect of income not taxable in determining taxable profit	(2,465)	-
Adjustments in respect of prior years	218	4,382
Effect of revaluations of investments	112,714	-
Deferred tax adjustments in respect of prior years	2,104	705
Adjust closing deferred tax to average rate	-	1,255
Other adjustments	107	-
	27,306	-
	152	-
Taxation charge	130,415	59,517

9 Discontinued operations

Disposal of subsidiary

In August 2019 the subsidiary company Gilbraith (TS) Limited entered liquidation and as such has been treated as a comparative trading results as a discontinued operation up until the date at which control passed to the liquidator.

10 Dividends

	2020 £	2019 £
Interim paid	245,629	-

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

11 Tangible fixed assets

Group	Freehold land and buildings £	Plant & Motor vehicles Machinery £	Commercial vehicles £	Total £
Cost or valuation				
At 1 September 2019	3,326,862	820,933	58,591	13,022,943
Additions	-	39,350	21,578	2,537,443
Disposals	-	-	-	(684,520)
Revaluation	598,138	-	-	598,138
At 31 August 2020	3,925,000	860,283	80,169	14,875,866
Depreciation and impairment				
At 1 September 2019	-	659,697	40,448	6,715,918
Depreciation charged in the year	-	64,958	8,113	1,794,588
Eliminated in respect of disposals	-	-	-	(505,771)
At 31 August 2020	-	724,655	48,561	8,004,735
Carrying amount				
At 31 August 2020	3,925,000	135,628	31,608	6,871,131
At 31 August 2019	3,326,862	161,236	18,143	6,307,025

The company had no tangible fixed assets at 31 August 2019 or 31 August 2020, other than those classified as investment properties and disclosed in note 12.

Please see note 12 for details of the revaluation of the freehold land & buildings.

The carrying value of land and buildings comprises:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Freehold	3,326,862	3,326,862	-	-

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Commercial vehicles	5,372,163	5,454,906	-	-
Plant & equipment	4,048	2,739	-	-
Motor vehicles	9,939	20,754	-	-
	5,386,150	5,478,399	-	-

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

11 Tangible fixed assets (Continued)

Depreciation charge for the year in respect of HP assets	1,375,310	1,222,278	-	-
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12 Investment property

	Group 2020 £	Company 2020 £
Fair value		
At 25 August 2018 and 31 August 2019	-	3,326,862
Net gains or losses through fair value adjustments	-	598,138
At 31 August 2020	-	3,925,000

Investment property comprises the trading property at 10 Blackburn Road, Bathgate. The fair value of the investment property has been arrived at on the basis of a valuation carried out at November 2020 by Avison Young, 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 and updated to reflect subsequent adjustments to underlying rental income. The Directors are comfortable with the valuation of the company held in the current year.

13 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	14	-	-	75,200	75,200

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 September 2019 and 31 August 2020	75,200
Carrying amount	
At 31 August 2020	75,200
At 31 August 2019	75,200

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

14 Subsidiaries

Details of the company's subsidiaries at 31 August 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Pollock (Scotrans) Limited	See below.	Road haulage, warehousing and distribution	Ordinary	100	0
Pollock Express Limited	See below.	Road haulage, warehousing and distribution	Ordinary	100	0

Pollock (Scotrans) Limited and Pollock Express Limited have their registered offices at 10 Blackburn Road, Bathgate, West Lothian, EH48 2EY.

Pollock Express is exempt from the audit requirements of their individual accounts in relation to S479A of the Companies Act 2006 relating to subsidiary companies.

15 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	6,783,574	6,736,823	399,314	399,314
Carrying amount of financial liabilities				
Measured at amortised cost	7,520,875	12,328,409	1,488,067	1,488,067

16 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	53,965	53,436	-	-

17 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	6,378,683	6,391,640	-	-
Amounts owed by group undertakings	-	-	160,000	160,000
Other debtors	190,214	354,776	171,040	248,907
Prepayments and accrued income	206,066	279,362	-	-
	6,774,963	7,025,778	331,040	408,907

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Debtors

(Continued)

Trade debtors above include £5,878,517 (2019: £6,165,181) that are subject to invoice financing agreements.

18 Creditors: amounts falling due within one year

		Group 2020	2019	Company 2020	2019
	Notes	£	£	£	£
Bank loans and invoice financing	20	4,132,878	4,980,168	100,000	80,449
Hire purchase liabilities		1,739,030	1,829,288	-	-
Trade creditors		2,442,602	2,417,911	7,200	30,181
Amounts due to group undertakings		-	-	1,157,359	1,376,547
Corporation tax payable		38,353	77,880	7,750	-
Other taxation and social security		981,026	581,155	-	-
Other creditors		232,777	159,347	2,072	890
Accruals and deferred income		573,267	403,438	-	-
		<u>10,139,933</u>	<u>10,449,187</u>	<u>1,274,381</u>	<u>1,488,067</u>

19 Creditors: amounts falling due after more than one year

		Group 2020	2019	Company 2020	2019
	Notes	£	£	£	£
Bank loans and invoice financing	20	816,667	-	816,667	-
Hire purchase liabilities		3,241,698	2,538,257	-	-
		<u>4,058,365</u>	<u>2,538,257</u>	<u>816,667</u>	<u>-</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	416,667	-	416,667	-
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POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

20 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	916,667	293,914	916,667	-
Invoice financing	4,032,878	4,686,254	-	80,449
	<u>4,949,545</u>	<u>4,980,168</u>	<u>916,667</u>	<u>80,449</u>
Payable within one year	4,132,878	4,980,168	100,000	80,449
Payable after one year	<u>816,667</u>	<u>-</u>	<u>816,667</u>	<u>-</u>
Amounts included above which fall due after five years:				
Payable by instalments	<u>416,667</u>	<u>-</u>	<u>416,667</u>	<u>-</u>

Amounts due under invoice financing arrangements with Close Brothers Invoice Financing are secured on the sales ledger balances of the applicable company.

Amounts due under bank loans are secured by a floating charge over the assets of Pollock (Scotrans) Limited. Pollock Holdings Limited has guaranteed the loan on behalf of Pollock (Scotrans) Limited. Bank loans are repayable in monthly instalments over 10 years. Interest is charged at 4.25% above the Bank of England base rate.

21 Hire purchase obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum payments due under Hire purchase:				
Within one year	2,029,351	2,030,207	-	-
In two to five years	3,520,813	2,832,591	-	-
	<u>5,550,164</u>	<u>4,862,798</u>	<u>-</u>	<u>-</u>
Less: future finance charges	<u>(569,436)</u>	<u>(495,253)</u>	<u>-</u>	<u>-</u>
	<u>4,980,728</u>	<u>4,367,545</u>	<u>-</u>	<u>-</u>

Hire purchase payments represent amounts payable by the company or group for certain items of plant and machinery. At the end of the agreement assets are owned by the company and no restrictions are placed on the use of the assets. The average agreement term is five years. All hire purchase agreements are on a fixed repayment basis and no arrangements have been entered into for contingent payments.

All hire purchase liabilities are secured on the assets being financed.

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

22 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 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	318,499	227,020

The company has no deferred tax assets or liabilities.

	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 September 2019	227,020	-
Charge to profit or loss	91,479	-
Liability at 31 August 2020	318,499	-

The deferred tax liability set out above relates to accelerated capital allowances that are not expected to reverse within 12 months.

23 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	181,316	68,025

The group makes contributions to group personal pensions schemes on behalf of all qualifying employees. The assets of such schemes are held separately from those of the group and are administered by independent third party providers.

24 Share capital

	Group and company 2020 £	2019 £
Ordinary share capital Issued and fully paid		
8,020,000 Ordinary Shares of 1p each	80,200	80,200

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

24 Share capital

(Continued)

On 30 May 2020, £1,200,000 of the company's revaluation reserve was capitalised and then applied in paying up in full 1,200,000 ordinary shares of £0.01 each at a premium of £0.99 per share. On the same day, a resolution was passed to reduce the company's share capital from £1,280,200 to £80,200 by cancelling and extinguishing 1,200,000 ordinary shares of £0.01 each in the Company, each of which is fully paid up at a premium of £0.99 per share, reducing the company's share premium account and increasing profit and loss account by commensurate amounts.

25 Revaluation reserve

Revaluation reserves represent the cumulative balance of unrealised revaluation gains arising on fixed assets.

26 Other reserves

Merger reserves represent the cumulative differences between the fair value of assets acquired, and the consideration in cash given and shares issued in exchange during mergers undertaken by the group.

27 Profit and loss reserves

Retained earnings represent the cumulative total of all profits and losses arising in the current year and all prior years.

28 Operating lease commitments

Lessee

Payments under operating leases relate to the hire of certain commercial vehicles and office equipment. Such leases last between two and five years, depending on the needs of the business, and do not have an option to acquire the leased asset at the end of the agreement.

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 2020 £	2019 £	Company 2020 £	2019 £
Within one year	938,054	1,347,823	-	-
Between two and five years	2,081,577	2,017,104	-	-
In over five years	1,333,333	1,283,333	-	-
	<u>4,352,964</u>	<u>4,648,260</u>	<u>-</u>	<u>-</u>

29 Related party transactions

Transactions with related parties

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

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

29 Related party transactions

(Continued)

	Sale of services		Purchase of services	
	2020	2019	2020	2019
	£	£	£	£
Group				
Entities in which a person with significant control has a controlling interest	44,350	32,642	260,963	306,273

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2020	2019
	£	£
Group		
Entities in which a person with significant control has a controlling interest	134,559	102,952

30 Directors' transactions

Dividends totalling £245,629 (2019 - £nil) were paid in the period in respect of shares held by the company's directors.

Amounts due from directors are interest free, unsecured and repayable on demand.

Description	% Rate	Opening balance	Amounts advanced	Amounts repaid	Closing balance
		£	£	£	£
Loan to Director	-	122,814	114,225	(148,236)	88,803
Loan to Director	-	106,759	114,241	(140,128)	80,872
		229,573	228,466	(288,364)	169,675

POLLOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

31 Cash generated from group operations

	2020 £	2019 £
Profit/(loss) for the year after tax	266,048	(295,226)
Adjustments for:		
Taxation charged	130,415	59,517
Finance costs	437,011	308,620
(Gain)/loss on disposal of tangible fixed assets	(27,845)	67,825
Depreciation and impairment of tangible fixed assets	1,867,659	1,769,931
Amounts written off investments	-	(420,961)
Movements in working capital:		
(Increase)/decrease in stocks	(529)	50,961
Decrease in debtors	190,917	2,708,089
Increase/(decrease) in creditors	667,669	(1,146,014)
Cash generated from operations	3,531,345	3,102,742

32 Analysis of changes in net debt

	2020 £
Opening net debt	
Cash and cash equivalents	(4,639,503)
Loans	(293,914)
Obligations under finance leases	(4,367,545)
	(9,300,962)
Changes in net debt arising from:	
Cash flows of the entity	2,926,468
New finance leases entered into	(2,487,953)
Closing net debt as analysed below	(8,862,447)
Closing net debt	
Cash and cash equivalents	(2,965,052)
Loans	(916,667)
Obligations under finance leases	(4,980,728)
	(8,862,447)