REGISTERED NUMBER: SC346549

# PETER MCKERRAL & CO LTD.

# STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

# AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019


Martin Aitken & Co Ltd
Statutory Auditor
Chartered Accountants
Caledonia House
89 Seaward Street
Glasgow
G41 1HJ

# CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## STRATEGIC REPORT
## FOR THE YEAR ENDED 31 MARCH 2019

The directors present their strategic report for the year ended 31 March 2019.

The results for the year and financial position of the company are as shown in the annexed financial statements.

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

Our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole. They are turnover, gross margin, operating profit and net assets.

Turnover increased from £9.3 million for the year to March 2018 to £9.7 million for the year to March 2019. The gross profit margin decreased from 22.1% last year to 17.6% this year. Our strategy of investing heavily in our own fleet has continued to allow efficiencies to come through and to assist in the achievement of the increased turnover. However, to achieve this increase we have had increased reliance on subcontractors during the current year and we did undertake some slightly less profitable work. We choose to partner with reliable subcontractors to best serve our customers when volumes fluctuate. Net assets at 31 March 2019 have decreased from £2.89 million to £2.88 million.

Our market share in Scotland for haulage remained favourable in 2018/19, where we have a good loyal customer base.

The principal risks and uncertainties facing the company are: competition from other suppliers - we feel that the service provided and scale of our operations mitigates this risk; and over reliance on one customer - we have a diverse customer base, and although there are several key customers, no one represents a serious business risk. We are however, continually finding and supplying new customers throughout the country.

Staff costs are controlled by careful planning and budgeting and continuing ongoing review, to ensure efficiency. The potential for bad debts increases as the scale of our activities increases however the customer base is strong and the potential for a serious bad debt problem is, we feel, not a significant business risk. The company continues to operate an effective credit control department and debtors are continually monitored, minimising the risk of loss. The directors will continue to monitor costs and performance, seeking further efficiency gains wherever possible.

**ON BEHALF OF THE BOARD:**

P McKerral - Director

20 August 2019

## REPORT OF THE DIRECTORS
## FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

### PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of freight transport by road.

### DIVIDENDS
The total distribution of dividends for the year ended 31 March 2019 will be £122,400.

### DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

Mrs C McKerral
D M McKerral
D McKerral
P McKerral
R M McKerral
C McKerral

### STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors, the Strategic Report and the financial statements in accordance with applicable laws 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 the affairs of the company and of the profit and loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

**REPORT OF THE DIRECTORS**
**FOR THE YEAR ENDED 31 MARCH 2019**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

P McKerral - Director

20 August 2019

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PETER MCKERRAL & CO LTD.

### Opinion

We have audited the financial statements of Peter McKerral & Co Ltd. (the 'company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 company's affairs as at 31 March 2019 and of its 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 Auditors' 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 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PETER MCKERRAL & CO LTD.

**Matters on which we are required to report by exception**
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

**Responsibilities of directors**
As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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 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 company or to cease operations, or have no realistic alternative but to do so.

**Auditors' 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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**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 a Report of the Auditors 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.

Ewen Dyer BA CA (Senior Statutory Auditor)
for and on behalf of Martin Aitken & Co Ltd
Statutory Auditor
Chartered Accountants
Caledonia House
89 Seaward Street
Glasgow
G41 1HJ

20 August 2019

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 MARCH 2019

| | Notes | 2019 £ | 2018 £ |
|---|---|---|---|
| **TURNOVER** | 3 | **9,693,471** | 9,300,912 |
| Cost of sales | | **7,987,135** | 7,245,120 |
| **GROSS PROFIT** | | **1,706,336** | 2,055,792 |
| Administrative expenses | | **1,592,718** | 1,526,376 |
| | | **113,618** | 529,416 |
| Other operating income | | **97,116** | 29,148 |
| Gain on revaluation of investments | | **17,989** | 16,758 |
| **OPERATING PROFIT** | 5 | **228,723** | 575,322 |
| Interest receivable and similar income | | **151** | 53 |
| | | **228,874** | 575,375 |
| Interest payable and similar expenses | 6 | **82,024** | 77,710 |
| **PROFIT BEFORE TAXATION** | | **146,850** | 497,665 |
| Tax on profit | 7 | **36,385** | 90,605 |
| **PROFIT FOR THE FINANCIAL YEAR** | | **110,465** | 407,060 |

The notes form part of these financial statements

**BALANCE SHEET**
**31 MARCH 2019**

| | Notes | 2019 £ | 2019 £ | 2018 £ | 2018 £ |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Intangible assets | 9 | | **14,583** | | 49,583 |
| Tangible assets | 10 | | **5,082,115** | | 4,320,940 |
| Investments | 11 | | **437,858** | | 419,869 |
| | | | **5,534,556** | | 4,790,392 |
| **CURRENT ASSETS** | | | | | |
| Stocks | 12 | **45,702** | | 65,092 | |
| Debtors | 13 | **1,564,096** | | 1,471,645 | |
| Cash at bank | | **196,557** | | 380,261 | |
| | | **1,806,355** | | 1,916,998 | |
| **CREDITORS** | | | | | |
| Amounts falling due within one year | 14 | **2,659,662** | | 2,624,768 | |
| **NET CURRENT LIABILITIES** | | | **(853,307)** | | (707,770) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | **4,681,249** | | 4,082,622 |
| **CREDITORS** | | | | | |
| Amounts falling due after more than one year | 15 | | **(1,637,706)** | | (1,052,465) |
| **PROVISIONS FOR LIABILITIES** | 18 | | **(160,991)** | | (135,670) |
| **NET ASSETS** | | | **2,882,552** | | 2,894,487 |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | 19 | | **1,000** | | 1,000 |
| Retained earnings | 20 | | **2,881,552** | | 2,893,487 |
| **SHAREHOLDERS' FUNDS** | | | **2,882,552** | | 2,894,487 |

The financial statements were approved by the Board of Directors on 20 August 2019 and were signed on its behalf by:

P McKerral - Director

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 MARCH 2019

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|---|---|---|---|
| **Balance at 1 April 2017** | 1,000 | 2,608,827 | 2,609,827 |
| **Changes in equity** | | | |
| Dividends | - | (122,400) | (122,400) |
| Total comprehensive income | - | 407,060 | 407,060 |
| **Balance at 31 March 2018** | 1,000 | 2,893,487 | 2,894,487 |
| **Changes in equity** | | | |
| Dividends | - | (122,400) | (122,400) |
| Total comprehensive income | - | 110,465 | 110,465 |
| **Balance at 31 March 2019** | 1,000 | 2,881,552 | 2,882,552 |

The notes form part of these financial statements

## CASH FLOW STATEMENT
## FOR THE YEAR ENDED 31 MARCH 2019

| | Notes | 2019 £ | 2018 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 1 | **1,372,169** | 1,693,194 |
| Interest element of hire purchase payments paid | | **(82,024)** | (77,710) |
| Tax paid | | **(65,708)** | (137,813) |
| Net cash from operating activities | | **1,224,437** | 1,477,671 |
| **Cash flows from investing activities** | | | |
| Purchase of tangible fixed assets | | **(62,874)** | (118,781) |
| Sale of tangible fixed assets | | **636,675** | 159,750 |
| Interest received | | **151** | 53 |
| Net cash from investing activities | | **573,952** | 41,022 |
| **Cash flows from financing activities** | | | |
| Capital repayments in year | | **(1,695,947)** | (1,310,523) |
| Amount withdrawn by directors | | **(163,746)** | (115,257) |
| Equity dividends paid | | **(122,400)** | (122,400) |
| Net cash from financing activities | | **(1,982,093)** | (1,548,180) |
| **Decrease in cash and cash equivalents** | | **(183,704)** | (29,487) |
| **Cash and cash equivalents at beginning of year** | 2 | **380,261** | 409,748 |
| **Cash and cash equivalents at end of year** | 2 | **196,557** | 380,261 |

The notes form part of these financial statements

# NOTES TO THE CASH FLOW STATEMENT
# FOR THE YEAR ENDED 31 MARCH 2019

## 1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Profit before taxation | 146,850 | 497,665 |
| Depreciation charges | 1,236,384 | 1,196,838 |
| Loss/(profit) on disposal of fixed assets | 2,924 | (37,637) |
| Gain on revaluation of fixed assets | (17,989) | (16,758) |
| Finance costs | 82,024 | 77,710 |
| Finance income | (151) | (53) |
| | 1,450,042 | 1,717,765 |
| Decrease/(increase) in stocks | 19,390 | (49,976) |
| Increase in trade and other debtors | (92,451) | (141,552) |
| (Decrease)/increase in trade and other creditors | (4,812) | 166,957 |
| **Cash generated from operations** | 1,372,169 | 1,693,194 |

## 2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 March 2019**

| | 31/3/19 | 1/4/18 |
|---|---|---|
| | £ | £ |
| Cash and cash equivalents | 196,557 | 380,261 |

**Year ended 31 March 2018**

| | 31/3/18 | 1/4/17 |
|---|---|---|
| | £ | £ |
| Cash and cash equivalents | 380,261 | 409,748 |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

### 1. STATUTORY INFORMATION

Peter McKerral & Co Ltd. is a private company, limited by shares, registered in Scotland. The company's registered office is Darlochan Yard, Kilkenzie, Campbeltown, Argyll, PA28 6NT.

The presentation currency of the financial statements is Sterling (£).

### 2. ACCOUNTING POLICIES

**Basis of preparing the financial statements**
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

**Going concern**
After reviewing the company's financial position and forecasts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

**Critical accounting judgements**
The company considers on an annual basis the judgements that are made by management when applying its significant accounting policies that would have the most significant effect on amounts that are recognised in the financial statements. In preparing these financial statements, the directors have made the following judgements:-

- Determine whether leases entered into by the company as a lessee are operating leases or hire purchase agreements. These decisions depend on the assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are any indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset concerned.

**Key sources of estimation uncertainty**
In the application of the company's accounting policies the directors are required to make estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors consider the key sources of estimation uncertainty to be as follows:-

- Tangible fixed assets (see note 10) are depreciated over their estimated useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as level of usage and maintenance programmes are taken into account. The directors assessed that no changes were required to the estimated useful lives of the tangible fixed assets and therefore, determined that the stated depreciation policies applied in prior years remain appropriate.



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2. ACCOUNTING POLICIES - continued

**Turnover**
Turnover represents net invoiced sales of goods and services, excluding value added tax. The company's policy is to recognise a sale when substantively all the risks and rewards in connection with the goods and services have been passed to the buyer.

**Intangible assets**
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Goodwill is the difference between the amount paid on the acquisition of the business and the aggregate fair value of its separate assets. Goodwill is amortised evenly over its estimated useful life, up to a maximum of 10 years.

**Tangible fixed assets**
Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

| | |
|---|---|
| Heritable property | - 5% on cost |
| Leasehold improvements | - 10% on cost |
| Plant and machinery | - 25% on reducing balance |
| Fixtures and fittings | - 25% on reducing balance |
| Motor vehicles | - 25% on reducing balance |
| Computer equipment | - 33% on reducing balance |

Depreciation is charged on fixed assets from when they are brought into use.

Fixed assets are included in the financial statements at cost less accumulated depreciation and accumulated impairment losses.

**Impairment of tangible fixed assets**
Assets are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. When the carrying value exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account.

**Stocks**
Stocks, consisting of consumables for own use, are valued at cost less any provision for obsolete items.



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2. ACCOUNTING POLICIES - continued

**Taxation**

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted by the balance sheet date.

With the exception of changes arising on the initial recognition of a business combination, the tax expense is presented either in profit or loss, other comprehensive income or statement of changes in equity depending on the transaction that resulted in the tax expenses.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Rentals received under operating leases are recognised in the profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates defined contribution pension schemes for both directors and staff. Contributions payable to the company's pension schemes are charged to profit or loss in the period to which they relate.

**Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans from banks and other third parties.

Debt instruments like loans and other accounts receivable and payable are initially measured at present value of future payments and subsequently, amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and trade creditors, are measured initially, and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received.

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for evidence of impairment and if found, an impairment loss is recognised in the profit and loss account.

**Provisions**

Provisions are recognised where the company has a legal or constructive obligation at the reporting date resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.



continued...

2. ACCOUNTING POLICIES - continued

**Fixed asset investments**
Investments in unlisted investments, being an international investment bond, are initially measured at cost less transaction costs. Subsequently, these are measured at fair value, being the price quoted by the investment manager at the balance sheet date. Changes in fair value are recognised in the profit and loss account.

**Employee benefits**
Short term employee benefits are recognised as an expense in the period in which they are incurred.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Provision of services | 9,579,658 | 9,169,084 |
| Sale of goods | 113,813 | 131,828 |
| | 9,693,471 | 9,300,912 |

Other operating income consists of rent received and renewable energy subsidies.

4. EMPLOYEES AND DIRECTORS

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 2,528,143 | 2,455,809 |
| Social security costs | 243,552 | 242,915 |
| Other pension costs | 182,710 | 157,081 |
| | 2,954,405 | 2,855,805 |

The average number of employees during the year was as follows:

| | 2019 | 2018 |
|---|---|---|
| Directors | 6 | 6 |
| Staff | 73 | 71 |
| | 79 | 77 |

The key management personnel of the company comprises of the directors. During the year, the total employee benefits of the key management personnel were as follows:

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Directors' remuneration | 54,019 | 52,789 |
| Directors' pension contributions to money purchase schemes | 76,800 | 108,800 |



continued...

4. **EMPLOYEES AND DIRECTORS - continued**

The number of directors to whom retirement benefits were accruing was as follows:

| | | |
|---|---|---|
| Money purchase schemes | **4** | 4 |

5. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Hire of plant and machinery | **90,066** | 26,395 |
| Other operating leases | **49,500** | 49,500 |
| Depreciation - owned assets | **393,476** | 442,179 |
| Depreciation - assets on hire purchase contracts | **807,908** | 719,659 |
| Loss/(profit) on disposal of fixed assets | **2,924** | (37,637) |
| Goodwill amortisation | **35,000** | 35,000 |
| Auditor's remuneration | **11,950** | 10,763 |

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Hire purchase | **82,024** | 77,710 |

7. **TAXATION**

**Analysis of the tax charge**
The tax charge on the profit for the year was as follows:

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | **10,602** | 65,246 |
| Under/(over) provision in prior year | **462** | (710) |
| Total current tax | **11,064** | 64,536 |
| Deferred tax | **25,321** | 26,069 |
| Tax on profit | **36,385** | 90,605 |

UK corporation tax has been charged at 19% (2018 - 19%).



continued...

7. **TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Profit before tax | 146,850 | 497,665 |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%) | 27,902 | 94,556 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 2,167 | 1,484 |
| Income not taxable for tax purposes | (3,418) | (3,184) |
| Capital allowances in excess of depreciation | (16,049) | (27,610) |
| Adjustments to tax charge in respect of previous periods | 462 | (710) |
| Deferred tax | 25,321 | 26,069 |
| Total tax charge | 36,385 | 90,605 |

8. **DIVIDENDS**

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Final | 122,400 | 122,400 |

9. **INTANGIBLE FIXED ASSETS**

| | Goodwill |
|---|---|
| | £ |
| **COST** | |
| At 1 April 2018 | |
| and 31 March 2019 | 350,000 |
| **AMORTISATION** | |
| At 1 April 2018 | 300,417 |
| Amortisation for year | 35,000 |
| At 31 March 2019 | 335,417 |
| **NET BOOK VALUE** | |
| At 31 March 2019 | 14,583 |
| At 31 March 2018 | 49,583 |

Goodwill, being the amount paid in connection with the acquisition of a business in 2009, is being amortised evenly over its estimated useful life of ten years.



continued...

10. TANGIBLE FIXED ASSETS

| | Heritable property £ | Leasehold improvements £ | Plant and machinery £ |
|---|---|---|---|
| **COST** | | | |
| At 1 April 2018 | 262,986 | 112,040 | 575,057 |
| Additions | 13,021 | - | 30,508 |
| At 31 March 2019 | 276,007 | 112,040 | 605,565 |
| **DEPRECIATION** | | | |
| At 1 April 2018 | 48,500 | 88,429 | 173,910 |
| Charge for year | 13,800 | 11,204 | 107,914 |
| Eliminated on disposal | - | - | - |
| At 31 March 2019 | 62,300 | 99,633 | 281,824 |
| **NET BOOK VALUE** | | | |
| At 31 March 2019 | 213,707 | 12,407 | 323,741 |
| At 31 March 2018 | 214,486 | 23,611 | 401,147 |

| | Fixtures and fittings £ | Motor vehicles £ | Computer equipment £ | Totals £ |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 April 2018 | 32,780 | 8,353,349 | 17,638 | 9,353,850 |
| Additions | - | 2,558,072 | 557 | 2,602,158 |
| Disposals | - | (2,044,253) | - | (2,044,253) |
| At 31 March 2019 | 32,780 | 8,867,168 | 18,195 | 9,911,755 |
| **DEPRECIATION** | | | | |
| At 1 April 2018 | 24,876 | 4,683,039 | 14,156 | 5,032,910 |
| Charge for year | 1,976 | 1,065,157 | 1,333 | 1,201,384 |
| Eliminated on disposal | - | (1,404,654) | - | (1,404,654) |
| At 31 March 2019 | 26,852 | 4,343,542 | 15,489 | 4,829,640 |
| **NET BOOK VALUE** | | | | |
| At 31 March 2019 | 5,928 | 4,523,626 | 2,706 | 5,082,115 |
| At 31 March 2018 | 7,904 | 3,670,310 | 3,482 | 4,320,940 |



continued...

10. **TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

| | Plant and machinery £ | Motor vehicles £ | Totals £ |
|---|---|---|---|
| **COST** | | | |
| At 1 April 2018 | 360,124 | 4,353,928 | 4,714,052 |
| Additions | - | 2,539,284 | 2,539,284 |
| Disposals | - | (598,446) | (598,446) |
| Transfer to ownership | - | (1,468,214) | (1,468,214) |
| At 31 March 2019 | 360,124 | 4,826,552 | 5,186,676 |
| **DEPRECIATION** | | | |
| At 1 April 2018 | 52,518 | 1,834,244 | 1,886,762 |
| Charge for year | 76,902 | 731,006 | 807,908 |
| Eliminated on disposal | - | (372,119) | (372,119) |
| Transfer to ownership | - | (887,674) | (887,674) |
| At 31 March 2019 | 129,420 | 1,305,457 | 1,434,877 |
| **NET BOOK VALUE** | | | |
| At 31 March 2019 | 230,704 | 3,521,095 | 3,751,799 |
| At 31 March 2018 | 307,606 | 2,519,684 | 2,827,290 |

11. **FIXED ASSET INVESTMENTS**

| | Unlisted investments £ |
|---|---|
| **COST OR VALUATION** | |
| At 1 April 2018 | 419,869 |
| Revaluations | 17,989 |
| At 31 March 2019 | 437,858 |
| **NET BOOK VALUE** | |
| At 31 March 2019 | 437,858 |
| At 31 March 2018 | 419,869 |

Cost or valuation at 31 March 2019 is represented by:

| | Unlisted investments £ |
|---|---|
| Valuation in 2017 | 4,406 |
| Valuation in 2018 | 16,758 |
| Valuation in 2019 | 17,989 |
| Cost | 398,705 |
| | 437,858 |



continued...

## 12. STOCKS

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Tyre and fuel stocks | **45,702** | 65,092 |

Stock recognised in cost of sales during the year as an expense was £3,068,108 (2018 : £2,762,777).

## 13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Trade debtors | **1,527,018** | 1,421,645 |
| Prepayments | **37,078** | 50,000 |
| | **1,564,096** | 1,471,645 |

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Hire purchase contracts (see note 16) | **1,178,612** | 920,516 |
| Trade creditors | **476,040** | 508,563 |
| Corporation tax | **10,602** | 65,246 |
| Social security and other taxes | **102,793** | 66,650 |
| VAT | **156,920** | 193,481 |
| Directors' current accounts | **581,716** | 745,462 |
| Accrued expenses | **152,979** | 124,850 |
| | **2,659,662** | 2,624,768 |

## 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Hire purchase contracts (see note 16) | **1,637,706** | 1,052,465 |



continued...

## 16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

| | Hire purchase contracts | |
|---|---|---|
| | 2019 | 2018 |
| | £ | £ |
| Gross obligations repayable: | | |
| Within one year | 1,245,323 | 976,877 |
| Between one and five years | 1,757,549 | 1,150,566 |
| | 3,002,872 | 2,127,443 |
| Finance charges repayable: | | |
| Within one year | 66,711 | 56,361 |
| Between one and five years | 119,843 | 98,101 |
| | 186,554 | 154,462 |
| Net obligations repayable: | | |
| Within one year | 1,178,612 | 920,516 |
| Between one and five years | 1,637,706 | 1,052,465 |
| | 2,816,318 | 1,972,981 |

| | Non-cancellable operating leases | |
|---|---|---|
| | 2019 | 2018 |
| | £ | £ |
| Within one year | 66,177 | 35,727 |
| Between one and five years | 54,584 | 38,423 |
| | 120,761 | 74,150 |

As detailed in note 23, the company leases premises from The McKerral Pension Trust for £35,500 per annum. The lease has no formal expiry date.

## 17. SECURED DEBTS

The following secured debts are included within creditors:

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Hire purchase contracts | 2,816,318 | 1,972,981 |

Hire purchase obligations are secured over the assets being purchased.



continued...

18. **PROVISIONS FOR LIABILITIES**

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Deferred tax | **160,991** | 135,670 |

| | Deferred tax |
|---|---|
| | £ |
| Balance at 1 April 2018 | 135,670 |
| Accelerated capital allowances | 25,321 |
| Balance at 31 March 2019 | 160,991 |

19. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2019 £ | 2018 £ |
|---|---|---|---|---|
| 1,000 | Ordinary | £1 | **1,000** | 1,000 |

Ordinary shares have equal rights with regards to voting, participation and dividends.

20. **RESERVES**

| | Retained earnings |
|---|---|
| | £ |
| At 1 April 2018 | 2,893,487 |
| Profit for the year | 110,465 |
| Dividends | (122,400) |
| At 31 March 2019 | 2,881,552 |

Included in retained earnings are non-distributable reserves totalling £39,153 (2018: £21,164) relating to the unrealised gain arising on the revaluation of an investment bond to fair value (note 11).

21. **PENSION COMMITMENTS**

The company operates defined contribution pension schemes, the assets of which are held in separate funds.

Certain directors are members of a self administered pension scheme operated by the company. The amount paid in the year and charged to the profit and loss account amounted to £76,800 (2018: £108,800). There are no outstanding or prepaid contributions at the year end.

To comply with the auto-enrolment requirements, the company established a pension scheme for staff during 2016. The amount paid in the current year and charged to the profit and loss account amounted to £105,910 (2018: £48,281). There were outstanding contributions of £11,418 (2018: £4,880) at the year-end.



continued...

## 22. CAPITAL COMMITMENTS

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Contracted but not provided for in the financial statements | - | 260,575 |

## 23. RELATED PARTY DISCLOSURES

The balance due from the company to the directors at 31 March 2019 is £581,716 (2018: £745,462). The amount is unsecured, interest free and repayable on demand.

During the year, dividends of £122,400 (2018: £122,400) were declared and paid. The 4 shareholders, who are also directors of the company, each received £30,600 (2018: £30,600).

The company occupies premises owned by The McKerral Pension Trust. The rent for the year was £35,500 (2018: £35,500).