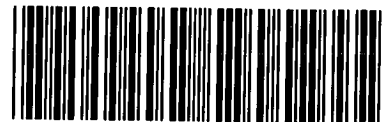


PETER MCKERRAL & CO LTD.
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

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**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

	Page
Strategic Report	1
Report of the Directors	2
Report of the Independent Auditors	4
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Cash Flow Statement	10
Notes to the Financial Statements	11

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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 and net assets.

Turnover increased from £9.7 million for the year to March 2019 to £10.2 million for the year to March 2020. The gross profit margin increased from 17.6% last year to 23.9% this year. This has been achieved through a combination of increased rates for work done; our strategy of investing heavily in our own fleet which has continued to allow efficiencies to come through and to assist in the achievement of the increased turnover; and decreased reliance on subcontractors during the current period. We choose to partner with reliable subcontractors to best serve our customers when volumes fluctuate. Net assets at 31 March 2020 have increased from £2.88 million to £3.33 million.

Our market share in Scotland for haulage remained favourable in 2019/20, 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.

Like every other business, we have been adversely affected by the coronavirus outbreak at the end of this accounting year. Having reduced our activity in line with the Government restrictions imposed and having obtained Government support initially through the Coronavirus Job Retention Scheme, we are pleased to say that we now have all staff back working and, although our results for year end 2021 will show a reduction in top line activity, we are confident that the company will still show a profitable year, even if somewhat reduced from the year end 31 March 2020.

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.

Financial instruments

- The company has adopted the disclosure and presentational requirements of FRS 102. When a financial asset or liability is disclosed initially, it is measured at its fair value plus or minus transaction costs. The company regularly monitors its exposure to risks including pricing, credit, liquidity and cash flow.
- The company is satisfied with the level of cash flow being maintained after taking into consideration the timing aspect of payments to trade creditors and business expenses.
- The company's deposits are all in place with major UK financial institutions which are regulated by the Financial Conduct Authority.

Future Developments

The company intends to continue to adopt the operating policies which have been successful in the past to ensure that existing customers continue to receive a quality service as well as finding and supplying new customers.

ON BEHALF OF THE BOARD:



P McKerral - Director

31 October 2020

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

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 2020 will be £134,400.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

D McKerral
P McKerral
R M McKerral
C McKerral

Other changes in directors holding office are as follows:

Mrs C McKerral - resigned 31 March 2020
D M McKerral - resigned 31 March 2020

DISCLOSURE IN THE STRATEGIC REPORT

The company has chosen in accordance with Section 414C(11) Companies Act 2006 to set out in the company's Strategic Report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report. It has done so in respect of financial instruments and future developments.

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.

PETER MCKERRAL & CO LTD. (REGISTERED NUMBER: SC346549)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'P McKerral', is written over a horizontal line.

P McKerral - Director

31 October 2020

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 2020 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 2020 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.

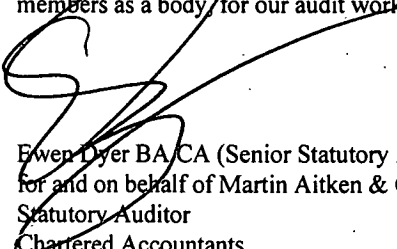
Auditors' responsibilities for the audit of the financial statements

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

31 October 2020

PETER MCKERRAL & CO LTD. (REGISTERED NUMBER: SC346549)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
TURNOVER	3	10,199,274	9,693,471
Cost of sales		<u>7,761,503</u>	<u>7,987,135</u>
GROSS PROFIT		2,437,771	1,706,336
Administrative expenses		<u>1,669,620</u>	<u>1,592,718</u>
		768,151	113,618
Other operating income		74,983	97,116
(Loss)/gain on revaluation of investments		<u>(34,049)</u>	<u>17,989</u>
OPERATING PROFIT	5	809,085	228,723
Interest receivable and similar income		<u>-</u>	<u>151</u>
		809,085	228,874
Interest payable and similar expenses	6	<u>77,035</u>	<u>82,024</u>
PROFIT BEFORE TAXATION		732,050	146,850
Tax on profit	7	<u>151,991</u>	<u>36,385</u>
PROFIT FOR THE FINANCIAL YEAR		<u>580,059</u>	<u>110,465</u>

The notes form part of these financial statements

PETER MCKERRAL & CO LTD. (REGISTERED NUMBER: SC346549)

**BALANCE SHEET
31 MARCH 2020**

	Notes	2020 £	2019 £
FIXED ASSETS			
Intangible assets	9	-	14,583
Tangible assets	10	5,068,523	5,082,115
Investments	11	403,809	437,858
		<u>5,472,332</u>	<u>5,534,556</u>
CURRENT ASSETS			
Stocks	12	38,598	45,702
Debtors	13	1,229,771	1,564,096
Cash at bank		904,736	196,557
		<u>2,173,105</u>	<u>1,806,355</u>
CREDITORS			
Amounts falling due within one year	14	2,569,703	2,659,662
NET CURRENT LIABILITIES		<u>(396,598)</u>	<u>(853,307)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,075,734</u>	<u>4,681,249</u>
CREDITORS			
Amounts falling due after more than one year	15	(1,493,906)	(1,637,706)
PROVISIONS FOR LIABILITIES	18	<u>(253,611)</u>	<u>(160,991)</u>
NET ASSETS		<u>3,328,217</u>	<u>2,882,552</u>
CAPITAL AND RESERVES			
Called up share capital	19	1,006	1,000
Retained earnings	20	3,327,211	2,881,552
SHAREHOLDERS' FUNDS		<u>3,328,217</u>	<u>2,882,552</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31 October 2020 and were signed on its behalf by:



P McKerral - Director

The notes form part of these financial statements

PETER MCKERRAL & CO LTD. (REGISTERED NUMBER: SC346549)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 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	<u>1,000</u>	<u>2,881,552</u>	<u>2,882,552</u>
Changes in equity			
Issue of share capital	6	-	6
Dividends	-	(134,400)	(134,400)
Total comprehensive income	-	580,059	580,059
Balance at 31 March 2020	<u>1,006</u>	<u>3,327,211</u>	<u>3,328,217</u>

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	2,327,590	1,372,169
Interest element of hire purchase payments paid		(77,035)	(82,024)
Tax paid		(10,602)	(65,708)
Net cash from operating activities		<u>2,239,953</u>	<u>1,224,437</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(72,985)	(62,874)
Sale of tangible fixed assets		315,770	636,675
Interest received		-	151
Net cash from investing activities		<u>242,785</u>	<u>573,952</u>
Cash flows from financing activities			
Capital repayments in year		(1,550,138)	(1,695,947)
Amount withdrawn by directors		(90,027)	(163,746)
Share issue		6	-
Equity dividends paid		(134,400)	(122,400)
Net cash from financing activities		<u>(1,774,559)</u>	<u>(1,982,093)</u>
Increase/(decrease) in cash and cash equivalents		<u>708,179</u>	<u>(183,704)</u>
Cash and cash equivalents at beginning of year	2	196,557	380,261
Cash and cash equivalents at end of year	2	<u><u>904,736</u></u>	<u><u>196,557</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

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

	2020	2019
	£	£
Profit before taxation	732,050	146,850
Depreciation charges	1,370,527	1,236,384
(Profit)/loss on disposal of fixed assets	(61,032)	2,924
Loss/(gain) on revaluation of fixed assets	34,049	(17,989)
Finance costs	77,035	82,024
Finance income	-	(151)
	<u>2,152,629</u>	<u>1,450,042</u>
Decrease in stocks	7,104	19,390
Decrease/(increase) in trade and other debtors	334,325	(92,451)
Decrease in trade and other creditors	(166,468)	(4,812)
Cash generated from operations	<u>2,327,590</u>	<u>1,372,169</u>

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 2020

	31/3/20	1/4/19
	£	£
Cash and cash equivalents	<u>904,736</u>	<u>196,557</u>

Year ended 31 March 2019

	31/3/19	1/4/18
	£	£
Cash and cash equivalents	<u>196,557</u>	<u>380,261</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/4/19	Cash flow	Other non-cash changes	At 31/3/20
	£	£	£	£
Net cash				
Cash at bank	<u>196,557</u>	<u>708,179</u>		<u>904,736</u>
	<u>196,557</u>	<u>708,179</u>		<u>904,736</u>
Debt				
Finance leases	<u>(2,816,318)</u>	<u>1,550,138</u>	<u>(1,524,105)</u>	<u>(2,790,285)</u>
	<u>(2,816,318)</u>	<u>1,550,138</u>	<u>(1,524,105)</u>	<u>(2,790,285)</u>
Total	<u>(2,619,761)</u>	<u>2,258,317</u>	<u>(1,524,105)</u>	<u>(1,885,549)</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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.

There were no material departures from that standard.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Going concern

The financial statements have been prepared on a going concern basis. The validity of this is dependent on the financial performance of the company following the restrictions and other conditions placed throughout the UK due to the Covid 19 pandemic, including the recoverability of debtors and the continued support of creditors. Although the company's financial statements reflect a negative net current liabilities position, this is due to the balance due to directors and former directors at the year end (see note 22) and the directors confirm that they do not intend to have these balances repaid within the next 12 months.

As highlighted in the Strategic Report, although use was made of the Government's Job Retention Scheme, all staff are now back working and although the directors consider that the results for the year ended 31 March 2021 will show a reduction in top line activity, 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES - continued

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 assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset concerned.

Information and 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES - continued

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.

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

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value, like goodwill and plant, property and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount which is the higher of value in use and the fair value less cost to sell, is estimated and compared with the carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit and loss.

Stocks

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

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES - continued

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, loans from banks and other third parties and loans from related 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.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown withing borrowings in current liabilities.

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

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:

	2020 £	2019 £
Provision of services	10,077,062	9,579,658
Sale of goods	122,212	113,813
	<u>10,199,274</u>	<u>9,693,471</u>

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

4. EMPLOYEES AND DIRECTORS

	2020 £	2019 £
Wages and salaries	2,495,787	2,528,143
Social security costs	211,662	243,552
Other pension costs	248,098	182,710
	<u>2,955,547</u>	<u>2,954,405</u>

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

	2020	2019
Directors	6	6
Staff	69	73
	<u>75</u>	<u>79</u>

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:

	2020 £	2019 £
Directors' remuneration	55,073	54,019
Directors' pension contributions to money purchase schemes	76,800	76,800
	<u>131,873</u>	<u>130,819</u>

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

	2020	2019
Money purchase schemes	4	4
	<u>4</u>	<u>4</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

5. OPERATING PROFIT

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

	2020	2019
	£	£
Hire of plant and machinery	95,582	90,066
Other operating leases	49,500	49,500
Depreciation - owned assets	383,329	393,476
Depreciation - assets on hire purchase contracts	972,615	807,908
(Profit)/loss on disposal of fixed assets	(61,032)	2,924
Goodwill amortisation	14,583	35,000
Auditor's remuneration	11,450	11,950
	<u> </u>	<u> </u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Hire purchase	77,035	82,024
	<u> </u>	<u> </u>

7. TAXATION

Analysis of the tax charge

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

	2020	2019
	£	£
Current tax:		
UK corporation tax	59,371	10,602
Under/(over) provision in prior year	-	462
Total current tax	59,371	11,064
Deferred tax	92,620	25,321
Tax on profit	<u>151,991</u>	<u>36,385</u>

UK corporation tax has been charged at 19% (2019 - 19%).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

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:

	2020 £	2019 £
Profit before tax	<u>732,050</u>	<u>146,850</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	139,090	27,902
Effects of:		
Expenses not deductible for tax purposes	1,039	2,167
Income not taxable for tax purposes	6,469	(3,418)
Capital allowances in excess of depreciation	(87,227)	(16,049)
Adjustments to tax charge in respect of previous periods	-	462
Deferred tax	<u>92,620</u>	<u>25,321</u>
Total tax charge	<u>151,991</u>	<u>36,385</u>

8. DIVIDENDS

	2020 £	2019 £
Ordinary shares of £1 each		
Final	122,400	122,400
A Ordinary shares of £1 each		
Interim	<u>12,000</u>	<u>-</u>
	<u>134,400</u>	<u>122,400</u>

9. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 April 2019 and 31 March 2020	<u>350,000</u>
AMORTISATION	
At 1 April 2019	335,417
Amortisation for year	<u>14,583</u>
At 31 March 2020	<u>350,000</u>
NET BOOK VALUE	
At 31 March 2020	<u>-</u>
At 31 March 2019	<u>14,583</u>

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

10. TANGIBLE FIXED ASSETS

	Heritable property £	Leasehold improvements £	Plant and machinery £
COST			
At 1 April 2019	276,007	112,040	605,565
Additions	-	-	46,566
Disposals	-	-	-
At 31 March 2020	276,007	112,040	652,131
DEPRECIATION			
At 1 April 2019	62,300	99,633	281,824
Charge for year	13,800	11,204	92,576
Eliminated on disposal	-	-	-
At 31 March 2020	76,100	110,837	374,400
NET BOOK VALUE			
At 31 March 2020	199,907	1,203	277,731
At 31 March 2019	213,707	12,407	323,741

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 April 2019	32,780	8,867,168	18,195	9,911,755
Additions	-	1,546,600	3,924	1,597,090
Disposals	-	(887,025)	-	(887,025)
At 31 March 2020	32,780	9,526,743	22,119	10,621,820
DEPRECIATION				
At 1 April 2019	26,852	4,343,542	15,489	4,829,640
Charge for year	1,482	1,234,694	2,188	1,355,944
Eliminated on disposal	-	(632,287)	-	(632,287)
At 31 March 2020	28,334	4,945,949	17,677	5,553,297
NET BOOK VALUE				
At 31 March 2020	4,446	4,580,794	4,442	5,068,523
At 31 March 2019	5,928	4,523,626	2,706	5,082,115

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

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 2019	360,124	4,826,552	5,186,676
Additions	-	1,524,105	1,524,105
Transfer to ownership	-	(1,026,776)	(1,026,776)
At 31 March 2020	360,124	5,323,881	5,684,005
DEPRECIATION			
At 1 April 2019	129,420	1,305,457	1,434,877
Charge for year	57,676	914,939	972,615
Transfer to ownership	-	(517,970)	(517,970)
At 31 March 2020	187,096	1,702,426	1,889,522
NET BOOK VALUE			
At 31 March 2020	173,028	3,621,455	3,794,483
At 31 March 2019	230,704	3,521,095	3,751,799

11. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST OR VALUATION	
At 1 April 2019	437,858
Revaluations	(34,049)
At 31 March 2020	403,809
NET BOOK VALUE	
At 31 March 2020	403,809
At 31 March 2019	437,858

Cost or valuation at 31 March 2020 is represented by:

	Unlisted investments £
Valuation in 2017	4,406
Valuation in 2018	16,758
Valuation in 2019	17,989
Valuation in 2020	(34,049)
Cost	398,705
	403,809

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

12. STOCKS

	2020	2019
	£	£
Tyre and fuel stocks	<u>38,598</u>	<u>45,702</u>

Stock recognised in cost of sales during the year as an expense was £2,978,545 (2019 : £3,068,108).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	1,195,390	1,527,018
Prepayments	<u>34,381</u>	<u>37,078</u>
	<u>1,229,771</u>	<u>1,564,096</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Hire purchase contracts (see note 16)	1,296,379	1,178,612
Trade creditors	403,354	476,040
Corporation tax	59,371	10,602
Social security and other taxes	75,607	102,793
VAT	147,370	156,920
Other creditors	107,304	-
Directors' current accounts	399,819	581,716
Accrued expenses	<u>80,499</u>	<u>152,979</u>
	<u>2,569,703</u>	<u>2,659,662</u>

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

	2020	2019
	£	£
Hire purchase contracts (see note 16)	<u>1,493,906</u>	<u>1,637,706</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2020	2019
	£	£
Gross obligations repayable:		
Within one year	1,368,654	1,245,323
Between one and five years	1,593,705	1,757,549
	<u>2,962,359</u>	<u>3,002,872</u>
Finance charges repayable:		
Within one year	72,275	66,711
Between one and five years	99,799	119,843
	<u>172,074</u>	<u>186,554</u>
Net obligations repayable:		
Within one year	1,296,379	1,178,612
Between one and five years	1,493,906	1,637,706
	<u>2,790,285</u>	<u>2,816,318</u>
	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	51,291	66,177
Between one and five years	3,293	54,584
	<u>54,584</u>	<u>120,761</u>

As detailed in note 22, 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:

	2020	2019
	£	£
Hire purchase contracts	<u>2,790,285</u>	<u>2,816,318</u>

Hire purchase obligations are secured over the assets being purchased.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

18. PROVISIONS FOR LIABILITIES

	2020 £	2019 £
Deferred tax	<u>253,611</u>	<u>160,991</u>
		Deferred tax
		£
Balance at 1 April 2019		160,991
Accelerated capital allowances		<u>92,620</u>
Balance at 31 March 2020		<u>253,611</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2020	2019
Number:	Class:	Nominal value:	£	£
1,000	Ordinary	£1	1,000	1,000
6	A Ordinary	£1	<u>6</u>	<u>-</u>
			<u>1,006</u>	<u>1,000</u>

The following shares were issued during the year for cash at par:

6 A Ordinary shares of £1

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

'A' Ordinary shares are non-redeemable, have no voting rights, have equal rights to participate in all approved dividend distributions for that class of shares and have no rights to participate in any capital distribution on winding up.

20. RESERVES

	Retained earnings £
At 1 April 2019	2,881,552
Profit for the year	580,059
Dividends	<u>(134,400)</u>
At 31 March 2020	<u>3,327,211</u>

Included in retained earnings are non-distributable reserves totalling £5,104 (2019: £39,153) relating to the unrealised gain arising on the revaluation of an investment bond to fair value (note 11).

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

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 (2019: £76,800). 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 £171,298 (2019: £105,910). There were outstanding contributions of £11,963 (2019: £11,418) at the year-end.

22. RELATED PARTY DISCLOSURES

The balance due from the company to the directors at 31 March 2020 is £399,819 and to the two former directors is £91,870 (2019: £581,716). These amounts are unsecured, interest free and repayable on demand.

During the year, dividends of £122,400 (2019: £122,400) were declared and paid in respect of the ordinary shares. The 4 ordinary shareholders, who are also directors of the company, each received £30,600 (2019: £30,600).

The company occupies premises owned by The McKerral Pension Trust. The rent for the year was £35,500 (2019: £35,500).