

**PETER MCKERRAL & CO LTD.**

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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

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FOR THE YEAR ENDED 31 MARCH 2023**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2023**

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 rose from £10.5 million for the year to March 2022 to £10.8 million for the year to March 2023 as the country recovered from the pandemic. The gross profit margin rose from 19.7% last year to 22.1% this year. This is attributable to the close monitoring of costs and in particular, due to reduced payroll and sub-contractor costs. Net assets at 31 March 2023 have increased from £4.4 million to £4.8 million.

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. Pressures through increasing fuel costs and the volatility of the labour market bring new considerations as to how the future operation of the business will look and fresh challenges beyond those faced directly through the pandemic. Volatile economic and global pressures have a downward impact on results due to increased uncertainty.

Recent wage pressures due to the sensationalist media activity threaten the sustainability of the margin together with escalating fuel costs. The potential for bad debts increases as the scale of our activities increases however the customer base is strong and we believe resilient to the apparently inevitable recession. 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

30 November 2023

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their report with the financial statements of the company for the year ended 31 March 2023.

**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 2023 will be £134,400.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2022 to the date of this report.

D McKerral  
P McKerral  
R M McKerral  
C McKerral

**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 (Financial Reporting Standard 102 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 2023**

**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:**



P. McKerral - Director

30 November 2023

## **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 2023 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 2023 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our knowledge and experience of the haulage sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and FRS 102, as well as those laws and regulations having an indirect impact that may have a significant effect on operations, including data protection, anti-bribery, employment, environmental, health and safety legislation, Anti-Money Laundering regulations and the requirements of the Scottish Traffic Area Operators Licence;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the key accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions and those out with the normal course of business.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

In response to the presumed risk associated with revenue recognition, we:

- reviewed post year-end sales invoices for evidence of completeness of income; and
- reviewed invoices around the year-end to obtain cut-off assurance.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

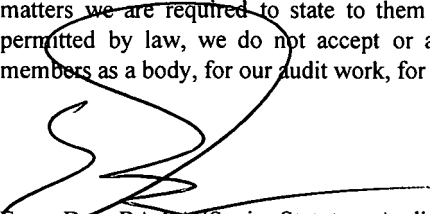


**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PETER MCKERRAL & CO LTD.**

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](http://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

30 November 2023

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

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £	2022 £
<b>TURNOVER</b>	3	<b>10,847,388</b>	10,532,204
Cost of sales		<u>8,449,573</u>	<u>8,454,868</u>
<b>GROSS PROFIT</b>		<b>2,397,815</b>	2,077,336
Administrative expenses		<u>1,716,265</u>	<u>1,553,667</u>
		<b>681,550</b>	523,669
Other operating income		<b>85,802</b>	66,266
Gain on revaluation of investments		<u>5,240</u>	<u>52,509</u>
<b>OPERATING PROFIT</b>	5	<b>772,592</b>	642,444
Interest receivable and similar income		<u>2,451</u>	-
		<b>775,043</b>	642,444
Interest payable and similar expenses	6	<u>95,263</u>	<u>74,941</u>
<b>PROFIT BEFORE TAXATION</b>		<b>679,780</b>	567,503
Tax on profit	7	<u>72,145</u>	<u>39,511</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>607,635</b></u>	<u><b>527,992</b></u>

The notes form part of these financial statements

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

**BALANCE SHEET  
31 MARCH 2023**

	Notes	2023 £	2022 £
<b>FIXED ASSETS</b>			
Tangible assets	9	5,334,139	4,764,288
Investments	10	1,206,598	501,358
		<u>6,540,737</u>	<u>5,265,646</u>
<b>CURRENT ASSETS</b>			
Stocks	11	54,449	103,579
Debtors	12	1,888,646	1,690,297
Cash at bank		472,466	1,217,184
		<u>2,415,561</u>	<u>3,011,060</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	2,325,067	2,437,407
<b>NET CURRENT ASSETS</b>		<u>90,494</u>	<u>573,653</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,631,231</u>	<u>5,839,299</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(1,355,060)	(1,108,508)
<b>PROVISIONS FOR LIABILITIES</b>	17	(446,502)	(374,357)
<b>NET ASSETS</b>		<u><u>4,829,669</u></u>	<u><u>4,356,434</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	1,006	1,006
Retained earnings	19	4,828,663	4,355,428
<b>SHAREHOLDERS' FUNDS</b>		<u><u>4,829,669</u></u>	<u><u>4,356,434</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 November 2023 and were signed on its behalf by:



P McKerral - Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 April 2021</b>	1,006	3,961,836	3,962,842
<b>Changes in equity</b>			
Dividends	-	(134,400)	(134,400)
Total comprehensive income	-	527,992	527,992
<b>Balance at 31 March 2022</b>	<u>1,006</u>	<u>4,355,428</u>	<u>4,356,434</u>
<b>Changes in equity</b>			
Dividends	-	(134,400)	(134,400)
Total comprehensive income	-	607,635	607,635
<b>Balance at 31 March 2023</b>	<u>1,006</u>	<u>4,828,663</u>	<u>4,829,669</u>

The notes form part of these financial statements

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £	2022 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,762,117	1,907,541
Interest element of hire purchase payments paid		(95,263)	(74,941)
Tax paid		-	(95,789)
Net cash from operating activities		<u>1,666,854</u>	<u>1,736,811</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(702,441)	(167,838)
Purchase of fixed asset investments		(700,000)	-
Sale of tangible fixed assets		726,750	345,600
Interest received		2,451	-
Net cash from investing activities		<u>(673,240)</u>	<u>177,762</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		(1,522,206)	(1,500,057)
Amount introduced by directors		171,027	169,760
Amount withdrawn by directors		(252,753)	(323,707)
Equity dividends paid		(134,400)	(134,400)
Net cash from financing activities		<u>(1,738,332)</u>	<u>(1,788,404)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(744,718)</u>	<u>126,169</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>1,217,184</u>	<u>1,091,015</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>472,466</u></u>	<u><u>1,217,184</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2023**

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

	2023 £	2022 £
Profit before taxation	679,780	567,503
Depreciation charges	1,736,991	1,367,432
Profit on disposal of fixed assets	(388,588)	(163,583)
Gain on revaluation of fixed assets	(5,240)	(52,509)
Finance costs	95,263	74,941
Finance income	(2,451)	-
	<u>2,115,755</u>	<u>1,793,784</u>
Decrease/(increase) in stocks	49,130	(42,628)
(Increase)/decrease in trade and other debtors	(198,349)	69,119
(Decrease)/increase in trade and other creditors	(204,419)	87,266
	<u>1,762,117</u>	<u>1,907,541</u>
<b>Cash generated from operations</b>	<u>1,762,117</u>	<u>1,907,541</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 2023**

	31/3/23 £	1/4/22 £
Cash and cash equivalents	<u>472,466</u>	<u>1,217,184</u>

**Year ended 31 March 2022**

	31/3/22 £	1/4/21 £
Cash and cash equivalents	<u>1,217,184</u>	<u>1,091,015</u>

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1/4/22 £	Cash flow £	Other non-cash changes £	At 31/3/23 £
<b>Net cash</b>				
Cash at bank	<u>1,217,184</u>	<u>(744,718)</u>		<u>472,466</u>
	<u>1,217,184</u>	<u>(744,718)</u>		<u>472,466</u>
<b>Debt</b>				
Finance leases	<u>(2,330,347)</u>	<u>1,522,206</u>	<u>(1,942,563)</u>	<u>(2,750,704)</u>
	<u>(2,330,347)</u>	<u>1,522,206</u>	<u>(1,942,563)</u>	<u>(2,750,704)</u>
<b>Total</b>	<u>(1,113,163)</u>	<u>777,488</u>	<u>(1,942,563)</u>	<u>(2,278,238)</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**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, during volatile and uncertain economic conditions, including the recoverability of debtors and the continued support of creditors. 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.

**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 9) 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023**

**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.

**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 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.

**Government grants**

Government grant assistance of a revenue nature is credited to the Statement of Comprehensive Income in the same period as the related expenditure. Grants that become receivable for compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in income in the period in which it becomes receivable.

**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 for the period 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 the Statement of Comprehensive Income or the 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 2023**

**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 financial institutions and loans to and 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 Statement of Comprehensive Income.

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 within 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 Statement of Comprehensive Income.

**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 2023**

**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:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Provision of services	<b>10,674,886</b>	10,376,750
Sale of goods	<b>172,502</b>	155,454
	<b><u>10,847,388</u></b>	<b><u>10,532,204</u></b>

Other operating income consists of rent received of £12,000 (2022: £12,000); renewable energy subsidies of £73,802 (2022: £53,592) and Covid related government grants of £Nil (2022: £674).

**4. EMPLOYEES AND DIRECTORS**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>2,678,621</b>	2,819,540
Social security costs	<b>289,271</b>	279,345
Other pension costs	<b>331,405</b>	307,961
	<b><u>3,299,297</u></b>	<b><u>3,406,846</u></b>

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

	<b>2023</b>	<b>2022</b>
Directors	<b>4</b>	4
Staff	<b>68</b>	71
	<b><u>72</u></b>	<b><u>75</u></b>

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:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Directors' remuneration	<b>39,224</b>	37,972
Directors' pension contributions to money purchase schemes	<b>136,800</b>	124,800
	<b><u>176,024</u></b>	<b><u>162,772</u></b>

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

	<b>2023</b>	<b>2022</b>
Money purchase schemes	<b>4</b>	4
	<b><u>4</u></b>	<b><u>4</u></b>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023**

**5. OPERATING PROFIT**

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

	2023	2022
	£	£
Hire of plant and machinery	30,698	49,783
Other operating leases	53,436	53,436
Depreciation - owned assets	482,322	382,575
Depreciation - assets on hire purchase contracts	1,254,669	984,857
Profit on disposal of fixed assets	(388,588)	(163,583)
Auditor's remuneration	12,400	11,550
Covid related government grants received	-	(674)
	<u>          </u>	<u>          </u>

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2023	2022
	£	£
Hire purchase	<u>95,263</u>	<u>74,941</u>

**7. TAXATION**

**Analysis of the tax charge**

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

	2023	2022
	£	£
Deferred tax	<u>72,145</u>	<u>39,511</u>
Tax on profit	<u>72,145</u>	<u>39,511</u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2023	2022
	£	£
Profit before tax	<u>679,780</u>	<u>567,503</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	129,158	107,826
Effects of:		
Expenses not deductible for tax purposes	(1,871)	(636)
Income not taxable for tax purposes	(996)	(9,977)
Capital allowances in excess of depreciation	(431,872)	(156,213)
Utilisation of tax losses	-	59,000
Deferred tax	72,145	98,511
Tax losses carried forward against deferred tax	<u>305,581</u>	<u>(59,000)</u>
Total tax charge	<u>72,145</u>	<u>39,511</u>

As at 31 March 2023, there are tax losses available for carry forward against future trading profits of £1,922,770 (2022: £314,451).



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023

8. DIVIDENDS

	2023 £	2022 £
Ordinary shares of £1 each		
Final	122,400	122,400
A Ordinary shares of £1 each		
Interim	12,000	12,000
	<u>134,400</u>	<u>134,400</u>

9. TANGIBLE FIXED ASSETS

	Heritable property £	Leasehold improvements £	Plant and machinery £
<b>COST</b>			
At 1 April 2022	284,549	112,040	874,791
Additions	-	-	5,995
Disposals	-	-	-
At 31 March 2023	<u>284,549</u>	<u>112,040</u>	<u>880,786</u>
<b>DEPRECIATION</b>			
At 1 April 2022	104,270	112,040	534,513
Charge for year	14,228	-	86,568
Eliminated on disposal	-	-	-
At 31 March 2023	<u>118,498</u>	<u>112,040</u>	<u>621,081</u>
<b>NET BOOK VALUE</b>			
At 31 March 2023	<u>166,051</u>	<u>-</u>	<u>259,705</u>
At 31 March 2022	<u>180,279</u>	<u>-</u>	<u>340,278</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>				
At 1 April 2022	36,160	10,446,666	22,924	11,777,130
Additions	-	2,639,009	-	2,645,004
Disposals	-	(1,257,011)	-	(1,257,011)
At 31 March 2023	<u>36,160</u>	<u>11,828,664</u>	<u>22,924</u>	<u>13,165,123</u>
<b>DEPRECIATION</b>				
At 1 April 2022	31,322	6,210,249	20,448	7,012,842
Charge for year	1,210	1,634,168	817	1,736,991
Eliminated on disposal	-	(918,849)	-	(918,849)
At 31 March 2023	<u>32,532</u>	<u>6,925,568</u>	<u>21,265</u>	<u>7,830,984</u>
<b>NET BOOK VALUE</b>				
At 31 March 2023	<u>3,628</u>	<u>4,903,096</u>	<u>1,659</u>	<u>5,334,139</u>
At 31 March 2022	<u>4,838</u>	<u>4,236,417</u>	<u>2,476</u>	<u>4,764,288</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023**

**9. TANGIBLE FIXED ASSETS - continued**

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

	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
<b>COST</b>			
At 1 April 2022	435,591	5,746,882	6,182,473
Additions	-	2,322,841	2,322,841
Transfer to ownership	-	(2,087,650)	(2,087,650)
At 31 March 2023	435,591	5,982,073	6,417,664
<b>DEPRECIATION</b>			
At 1 April 2022	282,842	2,306,199	2,589,041
Charge for year	38,187	1,216,482	1,254,669
Transfer to ownership	-	(1,190,052)	(1,190,052)
At 31 March 2023	321,029	2,332,629	2,653,658
<b>NET BOOK VALUE</b>			
At 31 March 2023	114,562	3,649,444	3,764,006
At 31 March 2022	152,749	3,440,683	3,593,432

**10. FIXED ASSET INVESTMENTS**

	<b>Unlisted investments £</b>
<b>COST OR VALUATION</b>	
At 1 April 2022	501,358
Additions	700,000
Revaluations	5,240
At 31 March 2023	1,206,598
<b>NET BOOK VALUE</b>	
At 31 March 2023	1,206,598
At 31 March 2022	501,358

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023**

**10. FIXED ASSET INVESTMENTS - continued**

Cost or valuation at 31 March 2023 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)
Valuation in 2021	45,040
Valuation in 2022	52,509
Valuation in 2023	5,240
Cost	1,098,705
	<u>1,206,598</u>

**11. STOCKS**

	2023 £	2022 £
Tyre and fuel stocks	54,449	103,579
	<u>54,449</u>	<u>103,579</u>

Stock recognised in cost of sales during the year as an expense was £3,588,713 (2022: £3,259,067).

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023 £	2022 £
Trade debtors	1,671,828	1,424,428
Other debtors	150,770	95,734
Prepayments	23,317	142,228
Accrued income	42,731	27,907
	<u>1,888,646</u>	<u>1,690,297</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023 £	2022 £
Hire purchase contracts (see note 15)	1,395,644	1,221,839
Trade creditors	418,760	570,047
Social security and other taxes	68,896	62,015
VAT	225,158	231,569
Other creditors	59,589	89,766
Directors' current accounts	86,025	167,751
Accrued expenses	70,995	94,420
	<u>2,325,067</u>	<u>2,437,407</u>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2023 £	2022 £
Hire purchase contracts (see note 15)	1,355,060	1,108,508
	<u>1,355,060</u>	<u>1,108,508</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023**

**15. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	<b>Hire purchase contracts</b>	
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Gross obligations repayable:		
Within one year	1,502,996	1,285,472
Between one and five years	1,479,419	1,175,313
	<u>2,982,415</u>	<u>2,460,785</u>
Finance charges repayable:		
Within one year	107,352	63,633
Between one and five years	124,359	66,805
	<u>231,711</u>	<u>130,438</u>
Net obligations repayable:		
Within one year	1,395,644	1,221,839
Between one and five years	1,355,060	1,108,508
	<u>2,750,704</u>	<u>2,330,347</u>
	<b>Non-cancellable operating leases</b>	
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Within one year	11,432	7,619
Between one and five years	11,432	-
	<u>22,864</u>	<u>7,619</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.

**16. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Hire purchase contracts	<u>2,750,704</u>	<u>2,330,347</u>

Hire purchase obligations are secured over the assets being purchased.

**17. PROVISIONS FOR LIABILITIES**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Deferred tax	<u>446,502</u>	<u>374,357</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023

17. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 April 2022	374,357
Accelerated capital allowances	493,838
Relief for tax losses	(421,693)
Balance at 31 March 2023	<u>446,502</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023 £	2022 £
1,000	Ordinary	£1	1,000	1,000
6	A Ordinary	£1	6	6
			<u>1,006</u>	<u>1,006</u>

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.

19. RESERVES

	Retained earnings £
At 1 April 2022	4,355,428
Profit for the year	607,635
Dividends	(134,400)
At 31 March 2023	<u>4,828,663</u>

Included in retained earnings are non-distributable reserves totalling £107,893 (2022: £102,653) relating to the unrealised gain arising on the revaluation of an investment bond to fair value (note 10).

20. 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 £136,800 (2022: £124,800). 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 £194,605 (2022: £183,161). There were outstanding contributions of £Nil (2022: £14,667) at the year-end.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023**

**21. CAPITAL COMMITMENTS**

The company had capital commitments as at 31 March 2023 of £166,167 (2022: £220,413).

**22. RELATED PARTY DISCLOSURES**

The key management personnel of the company are its directors. Details of the remuneration to key management personnel is given in note 4.

The balance due from the company to the directors at 31 March 2023 is £86,025 (2022: £167,751) and to the two former directors is £22,147 (2022: £55,744). These amounts are unsecured, interest free and repayable on demand.

The company occupies premises owned by The McKerral Pension Trust. The directors are also trustees of the Trust. The rent for the year was £35,500 (2022: £35,500). In addition, during the year, the company incurred expenses of £85,420 (2022: £239,344) towards the construction of a building for the Pension Trust, of which £30,384 (2022: £143,610) was repaid by the Trust. The net amount arising of £150,770 (2022: £95,734) is due to the company by the Pension Trust and remains outstanding as at 31 March 2023, is interest free, unsecured and repayable on demand.