

JOHN HANLON & CO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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JOHN HANLON & CO LIMITED

COMPANY INFORMATION

Director	J F Hanlon
Company secretary	P J Hanlon
Registered number	1311902
Registered office	Highlands Farm Campton Shefford Beds SG17 5NZ
Independent auditors	Barber & Co LLP Chartered Accountants & Statutory Auditor 131-135 Temple Chambers 3-7 Temple Avenue London EC4Y 0HP
Bankers	Barclays Bank plc 12-12a Howard Centre Welwyn Garden City Herts AL8 6HA

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

Business review

The company has seen rental income continue to perform as expected with current rentals showing gains over the same period last year.

The company continues its policy of replacing older machines in the fleet where appropriate, with newer models enabling it to continue to offer a high quality service and to comply with its environmental policy.

During the year the company became dealer for a range of new equipment which is complementary to the activities of its existing customer base. This is reflected in the increased turnover. Setting aside the initial set up costs absorbed during the year, the equipment supply business is trading profitably.

Principal risks and uncertainties

Availability of new machines no longer presents the greatest risk to the company's continued expansion and the need to meet customer demand.

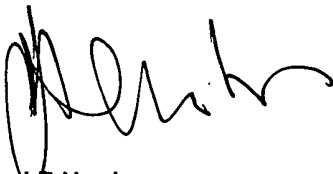
Interest rates have been stable over the past years but any increase could impact profits.

Overseas demand for ex-hire fleet machines had been affected by the strength of sterling and the global slowdown, but the post Brexit vote decline in value of sterling has had a positive effect on sales.

Financial key performance indicators

Fleet rental income is the key performance indicator in the business.

This report was approved by the board on 24 May 2017 and signed on its behalf.



J.F. Hanlon
Director

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The director presents his report and the financial statements for the year ended 31 August 2016.

Director's responsibilities statement

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that he gives a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the director is required to:

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

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Results and dividends

The profit for the year, after taxation, amounted to £316,237 (2015 - £332,617).

The director does not recommend the payment of a dividend..

Director

The director who served during the year was:

J F Hanlon

Future developments

Future developments in the company are outlined in the strategic report.

Disclosure of information to auditors

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016**

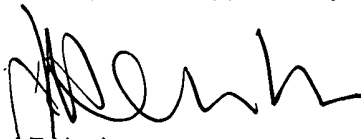
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Barber & Co LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 24 May 2017 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'J.F. Hanlon', is written over the printed name and title.

J.F. Hanlon
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JOHN HANLON & CO LIMITED

We have audited the financial statements of John Hanlon & Co Limited for the year ended 31 August 2016, set out on pages 6 to 25. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Directors and Auditors

As explained more fully in the Director's responsibilities statement on page 2, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with those financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JOHN HANLON & CO LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Philip Jones (Senior statutory auditor)

for and on behalf of
Barber & Co LLP

Chartered Accountants
Statutory Auditor

131-135 Temple Chambers
3-7 Temple Avenue
London
EC4Y 0HP

24 May 2017

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
Turnover	4	10,898,574	9,245,706
Cost of sales		(8,343,253)	(6,942,115)
Gross profit		2,555,321	2,303,591
Distribution costs		(246,256)	(227,224)
Administrative expenses		(945,664)	(778,947)
Operating profit	5	1,363,401	1,297,420
Interest receivable and similar income	8	-	8,172
Interest payable and expenses	9	(962,660)	(884,381)
Profit before tax		400,741	421,211
Tax on profit	10	(84,504)	(88,594)
Profit for the year		316,237	332,617

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.


There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 11 to 25 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	24,389,521	24,300,543
		<u>24,389,521</u>	<u>24,300,543</u>
Current assets			
Stocks	12	1,350,618	314,563
Debtors: amounts falling due within one year	13	1,932,284	2,055,253
Cash at bank and in hand	14	512,414	160,591
		<u>3,795,316</u>	<u>2,530,407</u>
Creditors: amounts falling due within one year	15	(9,405,830)	(7,766,820)
Net current liabilities		<u>(5,610,514)</u>	<u>(5,236,413)</u>
Total assets less current liabilities		<u>18,779,007</u>	<u>19,064,130</u>
Creditors: amounts falling due after more than one year	16	(12,872,204)	(13,490,824)
Provisions for liabilities			
Deferred tax	20	(1,056,136)	(1,038,876)
		<u>(1,056,136)</u>	<u>(1,038,876)</u>
Net assets		<u><u>4,850,667</u></u>	<u><u>4,534,430</u></u>
Capital and reserves			
Called up share capital	21	10,000	10,000
Revaluation reserve	22	445,496	456,496
Capital redemption reserve	22	8	8
Profit and loss account	22	4,395,163	4,067,926
		<u><u>4,850,667</u></u>	<u><u>4,534,430</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 May 2017.



J.F. Hanlon
Director

The notes on pages 11 to 25 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2016**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 September 2015	10,000	8	456,496	4,067,926	4,534,430
Comprehensive income for the year					
Profit for the year	-	-	-	316,237	316,237
Surplus on revaluation of freehold property	-	-	-	11,000	11,000
Total comprehensive income for the year	-	-	-	327,237	327,237
Transfer to/from profit and loss account	-	-	(11,000)	-	(11,000)
At 31 August 2016	10,000	8	445,496	4,395,163	4,850,667

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2015**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 September 2014	10,000	8	467,496	3,724,309	4,201,813
Comprehensive income for the year					
Profit for the year	-	-	-	332,617	332,617
Transfer from Revaluation reserve	-	-	-	11,000	11,000
Other comprehensive income for the year	-	-	-	11,000	11,000
Total comprehensive income for the year	-	-	-	343,617	343,617
Transfer to/from profit and loss account	-	-	(11,000)	-	(11,000)
At 31 August 2015	10,000	8	456,496	4,067,926	4,534,430

The notes on pages 11 to 25 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016**

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	316,237	332,617
Adjustments for:		
Depreciation of tangible assets	4,859,853	4,920,071
Profit on disposal of tangible assets	(257,675)	(262,768)
Interest paid	962,660	884,381
Interest received	-	(8,172)
Taxation charge	84,504	88,594
(Increase)/decrease in stocks	(1,036,055)	7,545
Decrease/(increase) in debtors	122,969	(292,207)
Increase in creditors	1,627,665	239,372
Net cash generated from operating activities	6,680,158	5,909,433
Cash flows from investing activities		
Purchase of tangible fixed assets	(202,875)	(501,877)
Sale of tangible fixed assets	2,314,585	1,576,725
Interest received	-	8,172
HP interest paid	(951,439)	(872,524)
Net cash from investing activities	1,160,271	210,496
Cash flows from financing activities		
Repayment of loans	(43,868)	(42,858)
Repayment of/new finance leases	(7,433,517)	(6,538,327)
Interest paid	(11,221)	(11,857)
Net cash used in financing activities	(7,488,606)	(6,593,042)
Net increase/(decrease) in cash and cash equivalents	351,823	(473,113)
Cash and cash equivalents at beginning of year	160,591	633,704
Cash and cash equivalents at the end of year	512,414	160,591
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	512,414	160,591
	512,414	160,591

The notes on pages 11 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. General information

The company is a limited liability company incorporated in England. It supplies heavy machinery to the waste management and recycling industries.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 25.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. Accounting policies (continued)

2.3 Going concern

Current liabilities include liabilities under finance lease and hire purchase contracts of £6,712,349. The result is to disclose net current liabilities of £5,610,514 in the accounts. The reality is that hire purchase liabilities will be matched by income during the course of the forthcoming year on a monthly basis. Excluding hire purchase and finance liabilities, the accounts show net current assets of £1,101,835 which better reflects the company's working capital position. The director considers that the going concern basis is appropriate to the preparation of these financial statements and the company's cash requirements are met by the cash flow projections for the forthcoming 12 months as approved by the Board.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	2% Straight line
Plant & machinery	-	20% Straight line
Motor vehicles	-	25% Straight line
Fixtures & fittings	-	20% Straight line
Hire fleet	-	15% Straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. Accounting policies (continued)

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. Accounting policies (continued)

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.12 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.14 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The directors do exercise judgements in applying the company's accounting policies in particular when carrying out their annual impairment assessments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**
4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Used equipment sales	312,446	104,650
New equipment sales	1,477,322	-
Hire fleet rental income	9,033,556	9,139,054
Service & spares income	75,250	2,001
	<u>10,898,574</u>	<u>9,245,705</u>

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	10,898,574	9,245,706
	<u>10,898,574</u>	<u>9,245,706</u>

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	4,859,854	4,898,308
Exchange differences	(2,565)	3,928
	<u>4,857,289</u>	<u>4,902,236</u>

During the year, no director received any emoluments (2015 - £NIL).

6. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	15,000	14,000
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	3,000	3,000
All other services	12,000	13,000
	<u>15,000</u>	<u>16,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

7. Employees

Staff costs were as follows:

The average monthly number of employees, including the director, during the year was as follows:

	2016 No.	2015 No.
Management	1	1

8. Interest receivable

	2016 £	2015 £
Other interest receivable	-	8,172
	-	8,172

9. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	11,221	11,857
Finance leases and hire purchase contracts	951,439	872,524
	962,660	884,381

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	67,244	88,594
	<u>67,244</u>	<u>88,594</u>
Total current tax	<u>67,244</u>	<u>88,594</u>
Deferred tax		
Origination and reversal of timing differences	17,260	-
	<u>17,260</u>	<u>-</u>
Total deferred tax	<u>17,260</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>84,504</u>	<u>88,594</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>400,741</u>	<u>421,211</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	80,148	84,242
Effects of:		
Capital allowances for year in excess of depreciation	44,090	4,352
Utilisation of tax losses	(39,734)	-
Total tax charge for the year	<u>84,504</u>	<u>88,594</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**
11. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Hire fleet £	Total £
Cost or valuation						
At 1 September 2015	1,623,799	446,902	405,174	53,771	33,531,717	36,061,363
Additions	-	4,885	188,878	5,511	6,806,466	7,005,740
Disposals	-	-	(82,767)	-	(5,208,181)	(5,290,948)
At 31 August 2016	1,623,799	451,787	511,285	59,282	35,130,002	37,776,155
Depreciation						
At 1 September 2015	21,763	206,929	220,379	28,913	11,282,836	11,760,820
Charge for the period on owned assets	21,776	6,026	-	10,697	287,918	326,417
Charge for the period on financed assets	-	77,568	112,248	-	4,343,622	4,533,438
Disposals	-	-	(77,916)	-	(3,156,123)	(3,234,039)
At 31 August 2016	43,539	290,523	254,711	39,610	12,758,253	13,386,636
Net book value						
At 31 August 2016	1,580,260	161,264	256,574	19,672	22,371,749	24,389,519
At 31 August 2015	1,602,036	239,974	184,795	24,857	22,248,881	24,300,543

The net book value of land and buildings may be further analysed as follows:

	2016 £	2015 £
Freehold property	1,580,260	1,602,036
	<u>1,580,260</u>	<u>1,602,036</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

11. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Plant and machinery	145,764	220,299
Motor vehicles	252,862	178,927
Hire Fleet	21,777,830	21,698,288
	<u>22,176,456</u>	<u>22,097,514</u>

The land and buildings were revalued on 31 August 2014 based on a professional market valuation prepared for the company by Anderson Wilde & Harris, Chartered Surveyors dated 13 August 2014. The director considers that the current valuation of the property is in line with its market value on an existing use basis. Included in land and buildings is freehold land at valuation of £535,000 (2014 - £535,000)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2016 £	2015 £
Cost	1,290,717	1,290,717
Accumulated depreciation	(191,408)	(169,632)
Net book value	<u>1,099,309</u>	<u>1,121,085</u>

12. Stocks

	2016 £	2015 £
Raw materials and consumables	123,609	113,090
Finished goods and goods for resale	1,227,009	201,473
	<u>1,350,618</u>	<u>314,563</u>

Stock recognised in cost of sales during the year as an expense was £1,468,370 (2015 - £214,273).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

13. Debtors

	2016 £	2015 £
Trade debtors	1,583,779	2,022,752
Other debtors	348,505	32,501
	<u>1,932,284</u>	<u>2,055,253</u>

14. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	512,414	160,591
	<u>512,414</u>	<u>160,591</u>

15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank loans	45,087	44,045
Trade creditors	2,361,810	644,348
Corporation tax	67,244	-
Other taxation and social security	-	119,812
Obligations under finance lease and hire purchase contracts	6,712,349	6,769,291
Other creditors	167,429	124,743
Accruals and deferred income	51,911	64,581
	<u>9,405,830</u>	<u>7,766,820</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

16. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Bank loans	375,800	420,711
Net obligations under finance leases and hire purchase contracts	12,496,404	13,070,113
	<u>12,872,204</u>	<u>13,490,824</u>

Secured loans

The bank loans are secured by a debenture over the assets of the company and a legal mortgage on the freehold property. The bank loans are repayable by monthly instalments over the period to 2025 and bear interest currently at 2.35% variable. The amounts payable between 2 and 5 years and over 5 years are £182,557 and £193,243 respectively. Finance leases and hire purchase contracts are secured by retention of title to the related assets and all fall due in less than 5 years.

17. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year		
Bank loans	45,087	44,045
	<u>45,087</u>	<u>44,045</u>
Amounts falling due over one year		
Bank loans	375,800	420,711
	<u>375,800</u>	<u>420,711</u>
	<u>420,887</u>	<u>464,756</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**
18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Within one year	7,289,124	7,214,557
Between 1-2 years	5,882,475	6,039,177
Between 2-5 years	7,522,221	7,927,449
	<u>20,693,820</u>	<u>21,181,183</u>

19. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at fair value through profit or loss	512,414	160,591
Financial assets that are debt instruments measured at amortised cost	1,932,284	2,055,253
	<u>2,444,698</u>	<u>2,215,844</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(2,979,211)	(1,275,604)
	<u>(2,979,211)</u>	<u>(1,275,604)</u>

Financial assets measured at fair value through profit or loss comprise bank deposits.

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

20. Deferred taxation

	2016 £	2015 £
At beginning of year	(1,038,876)	(950,282)
Charged to profit or loss	(17,260)	(88,594)
At end of year	(1,056,136)	(1,038,876)

Provision is not made for the corporation tax which would be payable if the company sold its freehold property at balance sheet value. At 31 August 2016, the amount payable would have been £Nil (2015: £Nil)

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(1,056,136)	(1,078,610)
Tax losses carried forward	-	39,734
	(1,056,136)	(1,038,876)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

21. Share capital

	2016 £	2015 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000

22. Reserves

Revaluation reserve

The revaluation reserve represents the increase over cost of the company's freehold premises.

Capital redemption reserve

The capital redemption reserve represents the par value of own shares purchased by the company.

Profit & loss account

The profit and loss account represents the accumulated distributable reserves of the company.

23. Related party transactions

The director is a partner in JJ&B Engineering, a Partnership which provided services to the company in the year for a value of £1,780,393 (2015: £1,677,000). At 31st August 2016, £121,783 was due to the Partnership (2015: £38,429).

The director who served during the year is also a director of Pendring Limited and its subsidiary Cravefields Limited and is a shareholder of Pendring Limited. At 31st August 2016, £32,009 was due from Pendring Limited and its subsidiaries (2015: £31,073).

The director was owed £22,823 by the company throughout the year.

24. Controlling party

The controlling party is J F Hanlon

25. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.