

JOHN HANLON & CO LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

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COMPANIES HOUSE

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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**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 AUGUST 2014**

The director presents his report and the financial statements for the year ended 31 August 2014.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give 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 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.

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 AUGUST 2014**

RESULTS

The profit for the year, after taxation, amounted to £504,312 (2013 - £501,394).

DIRECTOR

The director who served during the year was:

J F Hanlon

DISCLOSURE OF INFORMATION TO AUDITORS

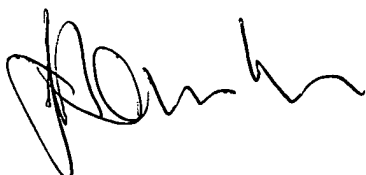
The director at the time when this Director's report is approved has confirmed that:

- 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.

AUDITORS

The auditors, Barber & Co LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20 May 2015 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'J F Hanlon', written in a cursive style.

J F Hanlon
Director

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2014**

BUSINESS REVIEW

The company has seen improvements in market conditions in the year in line with the growth in the recycling and waste management industries that the company services, with rental income from the hire fleet increasing by almost 10%. The company continues its policy of replacing older machines in the fleet with newer models enabling it to continue to offer a high quality service to an expanding blue chip client base.

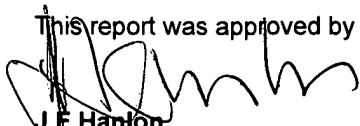
PRINCIPAL RISKS AND UNCERTAINTIES

Availability of new machines 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 major increase could impact profits. Demand for ex hire fleet machines has been strong in recent years with good residuals but the strength of sterling is reducing overseas demand at present, any change in this situation could also impact on profits.

FINANCIAL KEY PERFORMANCE INDICATORS

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

This report was approved by the board on 20 May 2015 and signed on its behalf.


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 2014, set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 DIRECTOR AND AUDITORS

As explained more fully in the Director's responsibilities statement, 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 Auditing Practices Board'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 2014 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

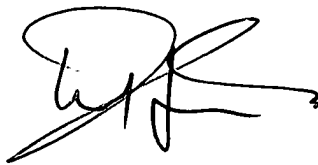
In our opinion the information given in the Strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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 and Statutory Auditor

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

20 May 2015

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2014**

| | Note | 2014 £ | 2013 £ |
|--|------|-------------|-------------|
| TURNOVER | 1,2 | 8,185,824 | 7,530,600 |
| Cost of sales | | (5,763,561) | (5,241,657) |
| GROSS PROFIT | | 2,422,263 | 2,288,943 |
| Distribution costs | | (217,435) | (231,195) |
| Administrative expenses | | (761,812) | (650,655) |
| OPERATING PROFIT | 3 | 1,443,016 | 1,407,093 |
| Interest payable and similar charges | 5 | (805,778) | (773,835) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 637,238 | 633,258 |
| Tax on profit on ordinary activities | 6 | (132,926) | (131,864) |
| PROFIT FOR THE FINANCIAL YEAR | | 504,312 | 501,394 |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 10 to 19 form part of these financial statements.

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 AUGUST 2014**

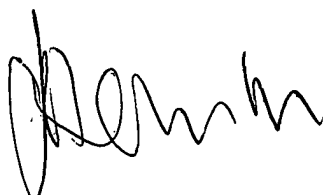
| | 2014 £ | 2013 £ |
|--|----------------|----------------|
| REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 637,238 | 633,258 |
| Realisation of valuation gains of previous periods | | 8,355 |
| HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | <u>637,238</u> | <u>641,613</u> |
| HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION | <u>504,312</u> | <u>509,749</u> |

The notes on pages 10 to 19 form part of these financial statements.

BALANCE SHEET
AS AT 31 AUGUST 2014

| | Note | £ | 2014 £ | £ | 2013 £ |
|--|------|--------------------|-------------------------|--------------------|-------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 7 | | 21,686,618 | | 20,769,541 |
| CURRENT ASSETS | | | | | |
| Stocks | 8 | 322,108 | | 254,024 | |
| Debtors | 9 | 1,763,048 | | 1,603,985 | |
| Cash at bank | | 633,704 | | 255,758 | |
| | | <u>2,718,860</u> | | <u>2,113,767</u> | |
| CREDITORS: amounts falling due within one year | 10 | <u>(6,519,361)</u> | | <u>(6,476,407)</u> | |
| NET CURRENT LIABILITIES | | | <u>(3,800,501)</u> | | <u>(4,362,640)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>17,886,117</u> | | <u>16,406,901</u> |
| CREDITORS: amounts falling due after more than one year | 11 | | (12,734,024) | | (11,623,235) |
| PROVISIONS FOR LIABILITIES | | | | | |
| Deferred tax | 12 | | <u>(950,282)</u> | | <u>(817,356)</u> |
| NET ASSETS | | | <u><u>4,201,811</u></u> | | <u><u>3,966,310</u></u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 13 | | 10,000 | | 100 |
| Revaluation reserve | 14 | | 467,496 | | 706,307 |
| Capital redemption reserve | 14 | | 8 | | - |
| Profit and loss account | 14 | | <u>3,724,307</u> | | <u>3,259,903</u> |
| SHAREHOLDERS' FUNDS | 15 | | <u><u>4,201,811</u></u> | | <u><u>3,966,310</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 May 2015.



J F Hanlon
Director

The notes on pages 10 to 19 form part of these financial statements.

JOHN HANLON & CO LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

| | Note | 2014 £ | 2013 £ |
|---|------|------------------|--------------------|
| Net cash flow from operating activities | 16 | 4,817,292 | 4,118,689 |
| Returns on investments and servicing of finance | 17 | (805,778) | (773,835) |
| Capital expenditure and financial investment | 17 | (4,850,220) | (6,163,718) |
| CASH OUTFLOW BEFORE FINANCING | | (838,706) | (2,818,864) |
| Financing | 17 | 1,216,652 | 2,933,520 |
| INCREASE IN CASH IN THE YEAR | | 377,946 | 114,656 |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 AUGUST 2014**

| | | 2014 £ | 2013 £ |
|---|----|---------------------|---------------------|
| Increase in cash in the year | | 377,946 | 114,656 |
| Cash inflow from increase in debt and lease financing | | (1,246,652) | (2,933,520) |
| CHANGE IN NET DEBT RESULTING FROM CASH FLOWS | | (868,706) | (2,818,864) |
| New loan in the year | | 11,465 | - |
| MOVEMENT IN NET DEBT IN THE YEAR | | (857,241) | (2,818,864) |
| Net debt at 1 September 2013 | | (17,048,325) | (14,229,461) |
| NET DEBT AT 31 AUGUST 2014 | 18 | (17,905,566) | (17,048,325) |

The notes on pages 10 to 19 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property and include the results of the company's operations and all of which are continuing. Current liabilities include liabilities under finance lease and hire purchase contracts of £5,762,219. The result is to disclose net current liabilities of £3,800,501 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 £1,961,718 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.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Taxes.

Income from operating leases where substantially all of the benefits and risks of ownership remain with the lessor are credited to profit and loss account as such income arises.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|---------------------|---|-------------------|
| 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 |

1.4 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property approximately every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the Profit and loss account.

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as 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 tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

2. TURNOVER

The whole of the turnover and profit is attributable to the sale, hire and servicing of heavy equipment. 1% (2013 - 5.2%) of the turnover related to exports overseas.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

3. OPERATING PROFIT

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

| | 2014 £ | 2013 £ |
|---|-----------------------------|-----------------------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 311,796 | 306,762 |
| - held under finance leases | 3,731,588 | 3,097,268 |
| Difference on foreign exchange | (1,407) | (6,677) |
| Operating lease rentals receivable | (8,113,074) | (7,110,114) |
| Profit on sale of tangible fixed assets | (349,052) | (489,308) |
| | <u> </u> | <u> </u> |

During the year, no director received any emoluments (2013 - £NIL).

4. AUDITORS' REMUNERATION

| | 2014 £ | 2013 £ |
|---|-----------------------------|-----------------------------|
| Fees payable to the company's auditor and its associates for the audit of the company's annual accounts | 14,000 | 12,000 |
| Fees payable to the company's auditor and its associates in respect of: | | |
| Taxation compliance services | 3,000 | 3,000 |
| All other non-audit services not included above | 13,000 | 13,000 |
| | <u> </u> | <u> </u> |

5. INTEREST PAYABLE

| | 2014 £ | 2013 £ |
|---|-----------------------------|-----------------------------|
| On bank loans and overdrafts | 17,073 | 13,633 |
| On finance leases and hire purchase contracts | 788,705 | 760,202 |
| | <u> </u> | <u> </u> |
| | <u>805,778</u> | <u>773,835</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

6. TAXATION

| | 2014 £ | 2013 £ |
|--|----------------|----------------|
| Analysis of tax charge in the year | | |
| Current tax (see note below) | | |
| UK corporation tax charge on profit for the year | - | - |
| Deferred tax (see note 12) | | |
| Origination and reversal of timing differences | 132,926 | 131,864 |
| Tax on profit on ordinary activities | <u>132,926</u> | <u>131,864</u> |

Factors affecting tax charge for the year

The deferred tax charge for the year is calculated on current rates for corporation tax and is calculated to provide for the deferred tax liability at a rate of 20%.

Factors that may affect future tax charges

The company has tax losses carried forward of approximately £580,000 which are available for offset against any future trading profits.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**
7. TANGIBLE FIXED ASSETS

| | Freehold property £ | Plant & machinery £ | Motor vehicles £ | Fixtures & fittings £ | Hire fleet £ | Total £ |
|------------------------------|---------------------------|---------------------------|------------------------|-----------------------------|-------------------|-------------------|
| Cost or valuation | | | | | | |
| At 1 September 2013 | 1,990,265 | 455,102 | 383,595 | 90,339 | 26,791,630 | 29,710,931 |
| Additions | - | 110,697 | 130,787 | 1,638 | 6,763,923 | 7,007,045 |
| Disposals | - | (69,329) | (127,354) | (38,206) | (5,153,723) | (5,388,612) |
| Revaluation | (370,265) | - | - | - | - | (370,265) |
| At 31 August 2014 | <u>1,620,000</u> | <u>496,470</u> | <u>387,028</u> | <u>53,771</u> | <u>28,401,830</u> | <u>30,959,099</u> |
| Depreciation | | | | | | |
| At 1 September 2013 | 104,065 | 248,204 | 209,618 | 46,004 | 8,333,499 | 8,941,390 |
| Charge for the year | 27,389 | 62,827 | 93,619 | 10,598 | 3,848,951 | 4,043,384 |
| On disposals | - | (69,329) | (115,006) | (38,206) | (3,358,298) | (3,580,839) |
| Eliminated on revaluation | (131,454) | - | - | - | - | (131,454) |
| At 31 August 2014 | <u>-</u> | <u>241,702</u> | <u>188,231</u> | <u>18,396</u> | <u>8,824,152</u> | <u>9,272,481</u> |
| Net book value | | | | | | |
| At 31 August 2014 | <u>1,620,000</u> | <u>254,768</u> | <u>198,797</u> | <u>35,375</u> | <u>19,577,678</u> | <u>21,686,618</u> |
| At 31 August 2013 | <u>1,886,200</u> | <u>206,898</u> | <u>173,977</u> | <u>44,335</u> | <u>18,458,131</u> | <u>20,769,541</u> |

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

| | 2014 £ | 2013 £ |
|---------------------|-------------------|-------------------|
| Plant and machinery | 147,161 | 199,307 |
| Motor vehicles | 188,699 | 166,441 |
| Hire fleet | 19,158,102 | 18,072,959 |
| | <u>19,493,962</u> | <u>18,438,707</u> |

Included in land and buildings is freehold land at valuation of £535,000 (2013 - £752,500) which is not depreciated.

The land and buildings were revalued on 31st August 2014 based on a professional market valuation prepared for the company by Anderson Wilde & Harris, Chartered Surveyors dated 13 August 2014.

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

| | 2014 £ | 2013 £ |
|--------------------------|------------------|------------------|
| Cost | 1,286,918 | 1,286,918 |
| Accumulated depreciation | (158,868) | (139,834) |
| Net book value | <u>1,128,050</u> | <u>1,147,084</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

8. STOCKS

| | 2014 £ | 2013 £ |
|------------------------|----------------|----------------|
| Consumables and spares | 70,334 | 78,149 |
| Goods for resale | 251,774 | 175,875 |
| | <u>322,108</u> | <u>254,024</u> |

9. DEBTORS

| | 2014 £ | 2013 £ |
|---------------|------------------|------------------|
| Trade debtors | 1,556,862 | 1,245,121 |
| Other debtors | 206,186 | 358,864 |
| | <u>1,763,048</u> | <u>1,603,985</u> |

**10. CREDITORS:
Amounts falling due within one year**

| | 2014 £ | 2013 £ |
|--|------------------|------------------|
| Bank loans and overdrafts | 43,027 | 42,032 |
| Other loans | - | 11,465 |
| Net obligations under finance leases and hire purchase contracts | 5,762,219 | 5,627,351 |
| Trade creditors | 336,653 | 380,736 |
| Other creditors | 255,521 | 286,321 |
| Accruals and deferred income | 121,941 | 128,502 |
| | <u>6,519,361</u> | <u>6,476,407</u> |

The bank loans and overdraft facility 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. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

11. CREDITORS:

Amounts falling due after more than one year

| | 2014 £ | 2013 £ |
|--|-------------------|-------------------|
| Bank loans | 464,587 | 507,454 |
| Net obligations under finance leases and hire purchase contracts | 12,269,437 | 11,115,781 |
| | <u>12,734,024</u> | <u>11,623,235</u> |

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

| | 2014 £ | 2013 £ |
|----------------------------|-------------------|-------------------|
| Between one and five years | <u>12,269,437</u> | <u>11,115,781</u> |

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 £217,978 and £246,609 respectively.

12. DEFERRED TAXATION

| | 2014 £ | 2013 £ |
|-----------------------|----------------|----------------|
| At beginning of year | 817,356 | 685,492 |
| Charge for year (P&L) | 132,926 | 131,864 |
| At end of year | <u>950,282</u> | <u>817,356</u> |

The provision for deferred taxation is made up as follows:

| | 2014 £ | 2013 £ |
|--------------------------------|----------------|----------------|
| Accelerated capital allowances | 1,067,250 | 1,015,543 |
| Losses carried forward | (116,968) | (198,187) |
| | <u>950,282</u> | <u>817,356</u> |

Provision is not made for the corporation tax which would be payable if the company's property was sold at balance sheet value. At 31 August 2014 the amount payable would have been £Nil (2013 - £5,174).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

13. SHARE CAPITAL

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| Authorised | | |
| 10,000 Ordinary shares of £1 each | 10,000 | 10,000 |
| Allotted, called up and fully paid | | |
| 10,000 (2013 - 100) Ordinary shares of £1 each | 10,000 | 100 |

On 31 August 2014 the company purchased 8 of its own shares for a consideration of £30,000. Also on 31 August 2014 a bonus issue created 9,908 new shares of £1 each by way of a capitalisation of reserves.

14. RESERVES

| | Capital redempt'n reserve £ | Revaluation reserve £ | Profit and loss account £ |
|---|--------------------------------------|-----------------------------|---------------------------------|
| At 1 September 2013 | | 706,307 | 3,259,903 |
| Profit for the financial year | | | 504,312 |
| Capitalisation/bonus issue | | | (9,908) |
| Purchase of own shares | | | (30,000) |
| (Deficit) on revaluation of freehold property | | (238,811) | |
| Transfer on purchase of own shares | 8 | | |
| At 31 August 2014 | 8 | 467,496 | 3,724,307 |

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| Opening shareholders' funds | 3,966,310 | 3,464,916 |
| Profit for the financial year | 504,312 | 501,394 |
| Shares purchased during the year | (30,000) | - |
| Other recognised gains and losses during the year - Revaluation of Freehold Property | (238,811) | - |
| Closing shareholders' funds | 4,201,811 | 3,966,310 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

16. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2014 £ | 2013 £ |
|--|------------------|------------------|
| Operating profit | 1,443,016 | 1,407,093 |
| Depreciation of tangible fixed assets | 4,043,384 | 3,404,030 |
| Profit on disposal of tangible fixed assets | (349,052) | (489,308) |
| (Increase)/decrease in stocks | (68,085) | 129,457 |
| Increase in debtors | (159,061) | (300,365) |
| Decrease in creditors | (92,910) | (32,218) |
| Net cash inflow from operating activities | 4,817,292 | 4,118,689 |

17. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | 2014 £ | 2013 £ |
|--|--------------------|--------------------|
| Returns on investments and servicing of finance | | |
| Interest paid on bank items and overdrafts | (17,073) | (13,633) |
| Hire purchase interest | (788,705) | (760,202) |
| Net cash outflow from returns on investments and servicing of finance | (805,778) | (773,835) |
| | 2014 £ | 2013 £ |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (266,626) | (355,269) |
| Financed by lease | (6,740,419) | (8,396,180) |
| Sale of tangible fixed assets | 2,156,825 | 2,587,731 |
| Net cash outflow from capital expenditure | (4,850,220) | (6,163,718) |
| | 2014 £ | 2013 £ |
| Financing | | |
| Purchase of ordinary shares | (30,000) | - |
| Repayment of bank loans | (41,872) | (40,909) |
| Repayment of finance leases | (5,451,895) | (5,421,751) |
| New leases | 6,740,419 | 8,396,180 |
| Net cash inflow from financing | 1,216,652 | 2,933,520 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

18. ANALYSIS OF CHANGES IN NET DEBT

| | 1 September 2013 £ | Cash flow £ | Other non-cash changes £ | 31 August 2014 £ |
|---|--------------------------|------------------|-----------------------------------|------------------------|
| Cash at bank and in hand | 255,758 | 377,946 | - | 633,704 |
| Debt: | | | | |
| Debts due within one year | (5,680,848) | (1,246,652) | 1,122,254 | (5,805,246) |
| Debts falling due after more than one year | (11,623,235) | - | (1,110,789) | (12,734,024) |
| Net debt | <u>(17,048,325)</u> | <u>(868,706)</u> | <u>11,465</u> | <u>(17,905,566)</u> |

19. RELATED PARTY TRANSACTIONS

The director is a partner in J.J. & B. Engineering, a partnership which provided services to the company in the year for a value of £1,585,000 (2013 - £1,503,900). At 31st August 2014 £104,698 was due to the partnership by the company (2013 - £145,470).

The director who served during the year is also a director of Pendring Limited and its subsidiary Cravefield Limited and is a shareholder of Pendring Limited. At 31st August 2014 £107,751 was due from Pendring Limited and its subsidiary. (2013- £24,664 due to Pendring)

20. CONTROLLING PARTY

Mr. J Hanlon is the controlling party