Registered number: 1311902

JOHN HANLON & CO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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 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

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

Business review

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

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

The company's dealerships for a range of new equipment is complementary to the activities of its existing customer base. This is reflected in the increased turnover. 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.

Financial key performance indicators

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

This report was approved by the board on 23 May 2019 and signed on its behalf.

J F Hanlon
Director

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The director presents his report and the financial statements for the year ended 31 August 2018.

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 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 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 to 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.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Director's reports may differ from legislation in other jurisdictions.

Results and dividends

The profit for the year, after taxation, amounted to £758,867 (2017 - £416,258).

No dividends have been paid in the year.

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.

DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

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.

Post balance sheet events

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

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 23 May 2019 and signed on its behalf.

J F Hanlon
Director

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

Opinion

We have audited the financial statements of John Hanlon & Co Limited (the 'Company') for the year ended 31 August 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, 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 August 2018 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

We have nothing to report in this regard.

Opinion 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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Director's report have been prepared in accordance with applicable legal requirements.

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 Director's report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

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, and for such internal control as the director determines is 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 director is 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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 an Auditors' report 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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 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.

Philip Jones (Senior statutory auditor)

for and on behalf of
Barber & Co LLP

Statutory Auditor

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

23 May 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Turnover	4	18,124,701	15,864,468
Cost of sales		(14,772,097)	(13,029,083)
Gross profit		3,352,604	2,835,385
Distribution costs		(242,888)	(226,858)
Administrative expenses		(1,123,066)	(1,055,340)
Operating profit	5	1,986,650	1,553,187
Interest payable and expenses	8	(1,082,428)	(1,057,724)
Profit before tax		904,222	495,463
Tax on profit	9	(145,355)	(79,205)
Profit for the financial year		758,867	416,258

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 13 to 25 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	10		25,638,603		26,007,583
			25,638,603		26,007,583
Current assets					
Stocks	11	1,458,870		2,596,327	
Debtors: amounts falling due within one year	12	3,616,790		3,058,408	
Cash at bank and in hand	13	1,291,559		387,732	
		6,367,219		6,042,467	
Creditors: amounts falling due within one year	14	(10,040,766)		(11,180,610)	
Net current liabilities			(3,673,547)		(5,138,143)
Total assets less current liabilities			21,965,056		20,869,440
Creditors: amounts falling due after more than one year	15		(14,890,296)		(14,571,090)
Provisions for liabilities					
Deferred tax	19	(1,048,968)		(1,031,425)	
			(1,048,968)		(1,031,425)
Net assets			6,025,792		5,266,925
Capital and reserves					
Called up share capital	20		10,000		10,000
Revaluation reserve	21		423,496		434,496
Capital redemption reserve	21		8		8
Profit and loss account	21		5,592,288		4,822,421
			6,025,792		5,266,925

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 May 2019.

J F Hanlon
Director

The notes on pages 13 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2018

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 September 2017	10,000	8	434,496	4,822,421	5,266,925
Comprehensive income for the year					
Profit for the year	-	-	-	758,867	758,867
Transfer from revaluation reserve	-	-	-	11,000	11,000
Other comprehensive income for the year	-	-	-	11,000	11,000
Total comprehensive income for the year	-	-	-	769,867	769,867
Transfer to/from profit and loss account	-	-	(11,000)	-	(11,000)
At 31 August 2018	10,000	8	423,496	5,592,288	6,025,792

The notes on pages 13 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2017

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 September 2016	10,000	8	445,496	4,395,163	4,850,667
Comprehensive income for the year					
Profit for the year	-	-	-	416,258	416,258
Transfer from Revaluation reserve	-	-	-	11,000	11,000
Other comprehensive income for the year	-	-	-	11,000	11,000
Total comprehensive income for the year	-	-	-	427,258	427,258
Transfer to/from profit and loss account	-	-	(11,000)	-	(11,000)
At 31 August 2017	10,000	8	434,496	4,822,421	5,266,925

The notes on pages 13 to 25 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	2018	2017
	£	£
Cash flows from operating activities		
Profit for the financial year	758,867	416,258
Adjustments for:		
Depreciation of tangible assets	5,565,003	5,565,176
Profit on disposal of tangible assets	(658,923)	(437,611)
Interest paid	1,082,428	1,057,724
Taxation charge	145,355	79,205
Decrease/(increase) in stocks	1,137,457	(1,245,709)
(Increase) in debtors	(558,382)	(1,126,123)
(Decrease)/increase in creditors	(542,861)	1,162,273
Corporation tax (paid)	(103,916)	(67,244)
Net cash generated from operating activities	6,825,028	5,403,949
Cash flows from investing activities		
Purchase of tangible fixed assets	(221,069)	(217,797)
Sale of tangible fixed assets	4,330,626	3,462,641
HP interest paid	(1,073,802)	(1,048,852)
Net cash from investing activities	3,035,755	2,195,992
Cash flows from financing activities		
Repayment of loans	(46,238)	(45,637)
Repayment of/new finance leases	(8,902,092)	(7,670,114)
Interest paid	(8,626)	(8,872)
Net cash used in financing activities	(8,956,956)	(7,724,623)
Net increase/(decrease) in cash and cash equivalents	903,827	(124,682)
Cash and cash equivalents at beginning of year	387,732	512,414
Cash and cash equivalents at the end of year	1,291,559	387,732
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,291,559	387,732
	1,291,559	387,732

The notes on pages 13 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. General information

The company is a limited liability company registered in England, its registered office is as disclosed on the company information page.

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.

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 Going concern

Current liabilities include liabilities under finance lease and hire purchase contracts of £6,665,216 The result is to disclose net current liabilities of £3,673,547 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 £2,991,669 which better reflects the company's working capital position. The director considers that the going concern is appropriate to the preparation of these financial statements and the company's cash reuqirements are met by the cash flow projections for the forthcoming 12 months as approved by the Board.

2.3 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2. Accounting policies (continued)

2.4 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.

2.5 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.

2.6 Borrowing costs

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

2. Accounting policies (continued)

2.7 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.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. Accounting policies (continued)

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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 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,

2. Accounting policies (continued)

2.14 Financial instruments (continued)

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 the 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.

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

The director uses his judgement in assessment potential impairment of fixed assets.

4. Turnover

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

	2018 £	2017 £
Used equipment sales and other income	270,859	228,929
New equipment sales	6,512,861	4,984,275
Hire fleet rental income	9,795,145	9,727,270
Service & spares income	1,545,836	923,994
	18,124,701	15,864,468

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	18,124,701	15,864,468
	18,124,701	15,864,468

All turnover arose within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

5. Operating profit

The operating profit is stated after charging (crediting) :

	2018 £	2017 £
Exchange differences	6,140	(1,500)
Other operating lease rentals receivable	(9,795,145)	(9,727,270)

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	18,000	18,000

Fees payable to the Company's auditor and its associates in respect of:

Taxation compliance services	3,000	3,000
All other services	15,000	15,000
	18,000	18,000

7. Employees

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

	2018 No.	2017 No.
Management	1	1

8. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	8,626	8,872
Finance leases and hire purchase contracts	1,073,802	1,048,852
	1,082,428	1,057,724

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

9. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	127,812	103,916
	127,812	103,916
Total current tax	127,812	103,916
Deferred tax		
Origination and reversal of timing differences	48,147	(2,400)
Changes to tax rates	(30,604)	(22,311)
Total deferred tax	17,543	(24,711)
Taxation on profit on ordinary activities	145,355	79,205

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.581%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	904,222	495,463
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.581%)	171,802	97,017
Effects of:		
Capital allowances for year in excess of depreciation	-	4,279
Other timing differences leading to an increase (decrease) in taxation	4,157	-
Other differences leading to an increase (decrease) in the tax charge	(30,604)	(22,091)
Total tax charge for the year	145,355	79,205

Factors that may affect future tax charges

There are no factors that may affect future tax charges other than reversal of accelerated capital allowances and any future rate changes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Hire fleet £	Total £
Cost or valuation						
At 1 September 2017	1,628,955	549,168	599,300	67,156	36,745,913	39,590,492
Additions	-	91,563	193,117	6,733	8,576,318	8,867,731
Disposals	-	(129,827)	(42,595)	(4,683)	(10,454,208)	(10,631,313)
At 31 August 2018	1,628,955	510,904	749,822	69,206	34,868,023	37,826,910
Depreciation						
At 1 September 2017	65,393	281,108	287,792	52,043	12,896,574	13,582,910
Charge for the year on owned assets	21,879	-	-	7,546	318,551	347,976
Charge for the year on financed assets	-	84,283	156,625	-	4,976,123	5,217,031
Disposals	-	(124,265)	(42,595)	(4,683)	(6,788,066)	(6,959,609)
At 31 August 2018	87,272	241,126	401,822	54,906	11,403,182	12,188,308
Net book value						
At 31 August 2018	1,541,683	269,778	348,000	14,300	23,464,841	25,638,602
At 31 August 2017	1,563,562	268,061	311,508	15,113	23,849,339	26,007,583

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

	2018 £	2017 £
Freehold property	1,541,683	1,563,563
	1,541,683	1,563,563

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. Tangible fixed assets (continued)

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

	2018 £	2017 £
Plant and machinery	141,370	206,385
Motor vehicles	348,000	311,508
Hire Fleet	22,907,724	23,677,571
	23,397,094	24,195,464

Cost or valuation at 31 August 2018 is as follows:

	Land and buildings £
At cost	1,295,873
At valuation:	
Professional valuation 13 August 2014	333,082
	1,628,955

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

	2018 £	2017 £
Cost	1,295,873	1,295,873
Accumulated depreciation	(217,479)	(202,262)
Net book value	1,078,394	1,093,611

11. Stocks

	2018 £	2017 £
Raw materials and consumables	152,626	76,251
Finished goods and goods for resale	1,306,244	2,520,076
	1,458,870	2,596,327

Stock recognised in cost of sales during the year as an expense was £6,751,360 (2017 - £4,994,263) .

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

12. Debtors

	2018 £	2017 £
Trade debtors	2,633,185	2,529,379
Other debtors	983,605	529,029
	3,616,790	3,058,408

13. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	1,291,559	387,732
	1,291,559	387,732

14. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank loans	47,183	46,171
Trade creditors	2,519,497	3,447,838
Corporation tax	127,812	103,916
Other taxation and social security	90,773	-
Obligations under finance lease and hire purchase contracts	6,665,216	7,287,101
Other creditors	334,848	137,426
Accruals and deferred income	255,437	158,157
	10,040,766	11,180,609

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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

	2018 £	2017 £
Bank loans	281,829	329,079
Net obligations under finance leases and hire purchase contracts	14,608,467	14,242,011
	14,890,296	14,571,090

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 £99,272 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.

16. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
Bank loans	47,183	46,171
	47,183	46,171
Amounts falling due 1-2 years		
Bank loans	281,829	329,079
	281,829	329,079
	329,012	375,250

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	7,483,068	7,981,245
Between 1 & 2 Years	6,482,482	6,460,885
3 - 5 Years	9,082,557	8,815,376
	23,048,107	23,257,506

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. Financial instruments

	2018	2017
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	1,291,559	387,732
Financial assets that are debt instruments measured at amortised cost	3,581,686	3,058,408
	4,873,245	3,446,140
Financial liabilities		
Financial liabilities measured at amortised cost	(3,298,795)	(4,118,671)

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

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors.

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

19. Deferred taxation

	2018	2017
	£	£
At beginning of year	(1,031,425)	(1,056,136)
Charged to profit or loss	(17,543)	24,711
At end of year	(1,048,968)	(1,031,425)

The provision for deferred taxation is made up as follows:

	2018	2017
	£	£
Accelerated capital allowances	(1,048,968)	(1,031,425)
	(1,048,968)	(1,031,425)

Any reversal of timing differences will depend upon a number of factors including fixed asset investment, depreciation levels and proceeds of sales of fixed assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

20. Share capital

	2018	2017
	£	£
Authorised, allotted, called up and fully paid		
10,000 (2017 - 10,000) Ordinary shares of £1.00 each	10,000	10,000

21. Reserves

Revaluation reserve

The revaluation reserve arose upon the revaluation of the freehold property.

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 accumulation of realised profits.

22. 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 £2,683,200 (2017: £2,233,000). At 31 August 2018, £27,623 was due to the Partnership (2017: £26,410).

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 31 August 2018, £948,528 was due from Pendring Limited and its subsidiaries (2017: £250,749)

23. Controlling party

The controlling party is J F Hanlon.