

Registered number: 1311902

JOHN HANLON & CO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

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JOHN HANLON & CO LIMITED

COMPANY INFORMATION

Directors	J F Hanlon P J Hanlon (appointed 20 June 2022)
Company secretary	P J Hanlon
Registered number	1311902
Registered office	Highlands Farm Campton Shefford Beds SG17 5NZ
Independent auditors	Orcorn Civvals Audit Limited Statutory Auditor 50 Seymour Street London W1H 7JG
Bankers	Barclays Bank plc 12-12a Howard Centre Welwyn Garden City Herts AL8 6HA

JOHN HANLON & CO LIMITED

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JOHN HANLON & CO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2022

Business review

The company has seen rental income increase in line with the number of fleet machines in the fleet as a result of the optimisation programme being carried out by management.

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. Residual values on ex fleet machines have been maintained following the Covid crisis.

The company's dealership for a range of new equipment is complementary to the activities of its existing customer base and has been stable in the year. The equipment supply business is trading profitably.

Principal risks and uncertainties

Whilst the residual financial implications of the CoronaVirus crisis continue to affect the economy as a whole, the blue chip status of many of the company's customers and the long term nature of the hire business should be in the company's favour and this is borne out by the increase in activity this year..

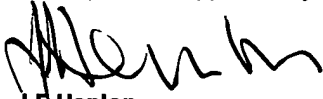
There is a risk that the availability of new equipment may negatively impact the continued growth of the business and management continues to work with suppliers and customers to mitigate these issues

Interest rates have risen in the afterdate period but are expected to stabilise once inflationary pressures ease. The fixed nature of most borrowing means that the impact on profits will be gradual 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 4 May 2023 and signed on its behalf.



J.F. Hanlon
Director

JOHN HANLON & CO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2022

The directors present their report and the financial statements for the year ended 31 August 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 directors must not approve the financial statements unless they are 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 directors are 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are 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 Directors' reports may differ from legislation in other jurisdictions.

Results and dividends

The profit for the year, after taxation, amounted to £761,697 (2021 - £412,997).

No dividends have been paid in the year.

Directors

The directors who served during the year were:

J F Hanlon
P J Hanlon (appointed 20 June 2022)

Future developments

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

JOHN HANLON & CO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022**

Disclosure of information to auditors

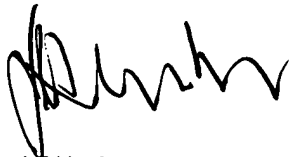
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director 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, Orcom Civvals Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 4 May 2023 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

JOHN HANLON & CO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 2022, 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 2022 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

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

JOHN HANLON & CO LIMITED

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

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' 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 Directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

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

JOHN HANLON & CO LIMITED

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing account estimates for biases.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 directors.
- Conclude on the appropriateness of the directors' 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.

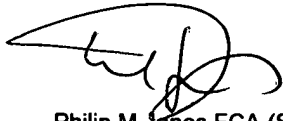
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

JOHN HANLON & CO LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 M Jones FCA (Senior statutory auditor)

for and on behalf of
Orcom Civvals Audit Limited

Statutory Auditor

50 Seymour Street
London
W1H 7JG

4 May 2023

JOHN HANLON & CO LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	2022 £	2021 £
Turnover	4	18,222,149	16,711,466
Cost of sales		(14,763,742)	(13,805,539)
Gross profit		3,458,407	2,905,927
Distribution costs		(267,875)	(241,282)
Administrative expenses		(1,452,782)	(1,367,709)
Operating profit	5	1,737,750	1,296,936
Interest payable and similar expenses	8	(785,015)	(774,756)
Profit before tax		952,735	522,180
Tax on profit	9	(191,038)	(109,183)
Profit for the financial year		761,697	412,997

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021:£NIL).

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

JOHN HANLON & CO LIMITED
REGISTERED NUMBER: 1311902

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	10		29,691,389		25,979,922
			<u>29,691,389</u>		<u>25,979,922</u>
Current assets					
Stocks	11	3,178,897		2,444,395	
Debtors: amounts falling due within one year	12	3,371,403		2,898,693	
Cash at bank and in hand	13	2,239,291		483,558	
		<u>8,789,591</u>		<u>5,826,646</u>	
Creditors: amounts falling due within one year	14	(11,358,207)		(9,545,733)	
Net current liabilities			<u>(2,568,616)</u>		<u>(3,719,087)</u>
Total assets less current liabilities			<u>27,122,773</u>		<u>22,260,835</u>
Creditors: amounts falling due after more than one year	15		(16,410,216)		(12,453,490)
Provisions for liabilities					
Deferred tax	19	(1,298,843)		(1,155,328)	
			<u>(1,298,843)</u>		<u>(1,155,328)</u>
Net assets			<u>9,413,714</u>		<u>8,652,017</u>
Capital and reserves					
Called up share capital	20		10,000		10,000
Revaluation reserve	21		1,933,813		1,933,813
Capital redemption reserve	21		8		8
Profit and loss account	21		7,469,893		6,708,196
			<u>9,413,714</u>		<u>8,652,017</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 May 2023.


J F Hanlon
 Director

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

JOHN HANLON & CO LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2022**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 September 2021	10,000	8	1,933,813	6,708,196	8,652,017
Comprehensive income for the year					
Profit for the year	-	-	-	761,697	761,697
Total comprehensive income for the year	-	-	-	761,697	761,697
At 31 August 2022	10,000	8	1,933,813	7,469,893	9,413,714

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2021**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 September 2020	10,000	8	1,957,813	6,271,199	8,239,020
Comprehensive income for the year					
Profit for the year	-	-	-	412,997	412,997
Transfer from Revaluation reserve	-	-	-	24,000	24,000
Other comprehensive income for the year	-	-	-	24,000	24,000
Total comprehensive income for the year	-	-	-	436,997	436,997
Transfer to/from profit and loss account	-	-	(24,000)	-	(24,000)
At 31 August 2021	10,000	8	1,933,813	6,708,196	8,652,017

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

JOHN HANLON & CO LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022**

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	761,697	412,997
Adjustments for:		
Depreciation of tangible assets	5,875,926	5,223,306
Profit on disposal of tangible assets	(775,946)	(547,406)
Interest paid	785,015	774,757
Taxation charge	191,038	109,183
(Increase) in stocks	(734,503)	(229,476)
(Increase)/decrease in debtors	(470,200)	59,496
Increase/(decrease) in creditors	1,748,397	(1,907,812)
Corporation tax (paid)	(82,751)	(39,570)
Net cash generated from operating activities	7,298,673	3,855,475
Cash flows from investing activities		
Purchase of tangible fixed assets	(220,685)	(4,354,358)
Sale of tangible fixed assets	2,493,650	2,384,100
HP interest paid	(733,669)	(752,095)
Net cash from investing activities	1,539,296	(2,722,353)
Cash flows from financing activities		
New secured loans	1,662,375	-
Repayment of loans	(758,644)	(67,523)
Repayment of/new finance leases	(7,934,621)	(2,536,391)
Interest paid	(51,346)	(22,662)
Net cash used in financing activities	(7,082,236)	(2,626,576)
Net increase/(decrease) in cash and cash equivalents	1,755,733	(1,493,454)
Cash and cash equivalents at beginning of year	483,558	1,977,012
Cash and cash equivalents at the end of year	2,239,291	483,558
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,239,291	483,558
	2,239,291	483,558

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

JOHN HANLON & CO LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 AUGUST 2022**

	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	483,558	1,755,733	2,239,291
Debt due after 1 year	(600,458)	(883,409)	(1,483,867)
Debt due within 1 year	(99,928)	(20,322)	(120,250)
Finance leases	(19,066,121)	(3,149,794)	(22,215,915)
	<u>(19,282,949)</u>	<u>(2,297,792)</u>	<u>(21,580,741)</u>

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

JOHN HANLON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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 £7,975,201. The result is to disclose net current liabilities of £2,568,618 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 £5,228,902 which better reflects the company's working capital position.

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

JOHN HANLON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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 profit or loss 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 profit or loss in the year in which they are incurred.

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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

JOHN HANLON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.7 Current and deferred taxation (continued)

- 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 profit or loss.

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 other 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.

JOHN HANLON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

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 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

2.15 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

JOHN HANLON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.15 Financial instruments (continued)

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:

	2022 £	2021 £
Other income	21,356	97,288
Equipment Sales	5,733,866	5,453,199
Hire fleet revenue	10,439,448	9,272,111
Service and parts sales	2,027,479	1,888,868
	<u>18,222,149</u>	<u>16,711,466</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	18,222,149	16,711,466
	<u>18,222,149</u>	<u>16,711,466</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging (crediting) :

	2022 £	2021 £
Exchange differences	<u>76,372</u>	<u>1,079</u>

JOHN HANLON & CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022****6. Auditors' remuneration**

	2022 £	2021 £
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 directors, during the year was as follows:

	2022 No.	2021 No.
Management	1	1

8. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	40,724	2,489
Other loan interest payable	10,622	20,172
Finance leases and hire purchase contracts	733,669	752,095
	785,015	774,756

JOHN HANLON & CO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

9. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	47,523	32,718
	<u>47,523</u>	<u>32,718</u>
Total current tax	<u>47,523</u>	<u>32,718</u>
Deferred tax		
Origination and reversal of timing differences	143,515	76,465
Total deferred tax	<u>143,515</u>	<u>76,465</u>
Taxation on profit on ordinary activities	<u>191,038</u>	<u>109,183</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>952,735</u>	<u>522,179</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	181,020	99,214
Effects of:		
Capital allowances for year in excess of depreciation	10,018	9,969
Total tax charge for the year	<u>191,038</u>	<u>109,183</u>

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.

JOHN HANLON & CO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

10. Tangible fixed assets

	Freehold properties £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Hire fleet £	Total £
Cost or valuation						
At 1 September 2021	3,785,395	717,660	742,559	88,170	34,744,272	40,078,056
Additions	-	159,033	173,534	3,490	10,969,042	11,305,099
Disposals	-	(98,750)	(142,808)	(10,897)	(5,661,531)	(5,913,986)
At 31 August 2022	<u>3,785,395</u>	<u>777,943</u>	<u>773,285</u>	<u>80,763</u>	<u>40,051,783</u>	<u>45,469,169</u>
Depreciation						
At 1 September 2021	115,769	408,541	361,966	40,690	13,171,168	14,098,134
Charge for the year on owned assets	52,729	80,017	11,763	16,322	595,704	756,535
Charge for the year on financed assets	-	61,956	171,157	-	4,886,278	5,119,391
Disposals	-	(98,750)	(129,714)	(10,897)	(3,956,919)	(4,196,280)
At 31 August 2022	<u>168,498</u>	<u>451,764</u>	<u>415,172</u>	<u>46,115</u>	<u>14,696,231</u>	<u>15,777,780</u>
Net book value						
At 31 August 2022	<u>3,616,897</u>	<u>326,179</u>	<u>358,113</u>	<u>34,648</u>	<u>25,355,552</u>	<u>29,691,389</u>
At 31 August 2021	<u>3,669,626</u>	<u>309,119</u>	<u>380,593</u>	<u>47,480</u>	<u>21,573,104</u>	<u>25,979,922</u>

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

	2022 £	2021 £
Freehold	3,616,897	3,669,626
	<u>3,616,897</u>	<u>3,669,626</u>

JOHN HANLON & CO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

10. Tangible fixed assets (continued)

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

	2022 £	2021 £
Plant and machinery	205,268	128,504
Motor vehicles	353,621	375,050
Hire Fleet	24,044,386	21,228,118
	<u>24,603,275</u>	<u>21,731,672</u>

Cost or valuation at 31 August 2022 is as follows:

	Land and buildings £
At cost	685,395
At valuation:	
Professional valuation 20 July 2018	3,100,000
	<u>3,785,395</u>

The revaluation of the freehold property was based on a market value valuation carried out by a firm of professional valuers on behalf of the company's bankers dated 20 July 2018.

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

	2022 £	2021 £
Cost	1,972,921	1,972,921
Accumulated depreciation	(338,172)	(298,714)
Net book value	<u>1,634,749</u>	<u>1,674,207</u>

11. Stocks

	2022 £	2021 £
Raw materials and consumables	275,438	260,984
Finished goods and goods for resale	2,903,459	2,183,411
	<u>3,178,897</u>	<u>2,444,395</u>

JOHN HANLON & CO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

12. Debtors

	2022 £	2021 £
Trade debtors	2,652,713	2,431,461
Other debtors	718,690	467,232
	<u>3,371,403</u>	<u>2,898,693</u>

13. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	2,239,291	483,558
	<u>2,239,291</u>	<u>483,558</u>

14. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	120,250	99,928
Trade creditors	2,733,141	1,530,157
Corporation tax	-	32,718
Other taxation and social security	162,474	298,432
Obligations under finance lease and hire purchase contracts	7,289,566	7,213,089
Other creditors	465,753	248,230
Accruals and deferred income	587,023	123,179
	<u>11,358,207</u>	<u>9,545,733</u>

JOHN HANLON & CO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

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

	2022 £	2021 £
Bank loans	1,483,867	600,458
Net obligations under finance leases and hire purchase contracts	14,926,349	11,853,032
	<u>16,410,216</u>	<u>12,453,490</u>

The following liabilities were secured:

	2022 £	2021 £
Bank Loans	1,604,117	700,386
Hire Purchase liabilities	22,215,915	19,066,121
	<u>23,820,032</u>	<u>19,766,507</u>

Details of security provided:

Bank loans are secured by fixed and floating charges over the assets of the company including the freehold property. Hire purchase liabilities are secured against the assets to which they relate.

16. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
Bank loans	120,250	99,928
	<u>120,250</u>	<u>99,928</u>
Amounts falling due 1-5 years		
Bank loans	1,483,867	600,458
	<u>1,483,867</u>	<u>600,458</u>
	<u>1,604,117</u>	<u>700,386</u>

JOHN HANLON & CO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	7,975,201	7,583,940
Between 1-2 years	6,321,433	9,298,942
Between 3-5 years	9,251,694	3,121,916
	<u>23,548,328</u>	<u>20,004,798</u>

18. Financial instruments

	2022 £	2021 £
Financial assets		
Financial assets measured at fair value through profit or loss	2,239,291	483,558
Financial assets that are debt instruments measured at amortised cost	3,352,251	2,781,139
	<u>5,591,542</u>	<u>3,264,697</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(5,140,034)</u>	<u>(2,601,950)</u>

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

19. Deferred taxation

	2022 £	2021 £
At beginning of year	(1,155,328)	(1,078,863)
Charged to profit or loss	(143,515)	(76,465)
At end of year	<u>(1,298,843)</u>	<u>(1,155,328)</u>

JOHN HANLON & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

19. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(1,298,843)	(1,155,328)
	<u>(1,298,843)</u>	<u>(1,155,328)</u>

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.

20. Share capital

	2022 £	2021 £
Authorised, allotted, called up and fully paid		
10,000 (2021 - 10,000) Ordinary shares of £1.00 each	<u>10,000</u>	<u>10,000</u>

21. Reserves

Revaluation reserve

The revaluation reserve arose from periodic revaluations 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 £2,890,000 (2021: £2,804,397). At 31 August 2022, £538,228 was due from the Partnership (2021: £306,162).

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 2022, £161,310 was due from Pendring Limited and its subsidiaries (2021: £43,516)

23. Controlling party

The controlling party is J F Hanlon.