

Company Registration No. SC059157 (Scotland)

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2020

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

COMPANY INFORMATION

Directors	Mr A Nelson Mr C Nelson Mr J Nelson Mrs E Nelson Miss G Nelson Mr J S Nelson
Secretary	Mrs E Nelson
Company number	SC059157
Registered office	Great North Road Kelty Fife KY4 0HE
Auditor	Thomson Cooper 3 Castle Court Carnegie Campus Dunfermline Fife KY11 8PB
Bankers	Bank of Scotland PLC 2 High Street Kinross KY13 8AW
Solicitors	Andersons LLP 40 High Street Kinross KY13 8AN

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Profit and loss account	7
Balance sheet	8
Statement of cash flows	9
Notes to the financial statements	10 - 21

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2020

The directors present the strategic report for the year ended 31 October 2020.

Business Review

The company has continued to perform well during the past year and along with building on relationships with existing customers, they have also gained new business.

There is a profit, after taxation, of £624,080 (2019 - £515,393). At the balance sheet date the company had a strong net asset position and is considered to be financially secure.

Financial Risk Management Objectives and Policies

The directors are ultimately responsible for the system of internal control, which covers all aspects of the business, and for reviewing its effectiveness. However, any such system is designed to manage, rather than eliminate, the risk of failure to achieve the company's objectives. Therefore any system is only able to provide reasonable, and not absolute assurance against material misstatement or loss. The directors regularly review the risks to which the company is exposed, as well as the operation and effectiveness of the system of internal controls. This is an ongoing process, involving the identification, evaluation and management of the significant risks faced by the company.

Risks are assessed on a regular basis across all areas but, in particular, health and safety, information flow, asset protection and regulatory requirements. A principal risk to the company, as with all companies operating within this business sector, is that of the potential increases in fuel prices.

The directors have considered the impact of coronavirus on the company. MOT testing was paused nationally from March 2020 until July 2020 which impacted our DVSA Authorised Test Facility. The business is otherwise still operating within the relevant guidelines and no staff have been furloughed. As such the directors are confident that they are able to mitigate the risks to the business as a result of coronavirus.

Key Performance Indicators

The key financial indicators used by the directors are detailed below:

	2020	2019	2018
	£000	£000	£000
Turnover	6,857	6,734	6,417
Profit/(loss) before tax	802	243	668
Total shareholder funds	6,534	6,095	6,153
Utilisation of vehicles	95	95	94

The company is continuing to develop new and existing customers to increase turnover and achieve cost efficiencies.

On behalf of the board

Mrs E Nelson

Director

15 April 2021

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2020

The directors present their annual report and financial statements for the year ended 31 October 2020.

Principal activities

The principal activity of the company continued to be that of haulage and MOT services.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A Nelson
Mr C Nelson
Mr J Nelson
Mrs E Nelson
Miss G Nelson
Mr J S Nelson

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £185,000. The directors do not recommend payment of a further dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Thomson Cooper be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mrs E Nelson

Director

15 April 2021

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A & J NELSON (HAULAGE CONTRACTORS) LIMITED

Opinion

We have audited the financial statements of A & J Nelson (Haulage Contractors) Limited (the 'company') for the year ended 31 October 2020 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 October 2020 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

*** Example text from bulletin ***

We draw attention to note [X] of the financial statements, which describes [brief summary of the matter]. Our opinion is not modified in this respect.

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

We have nothing to report in this regard.

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF A & J NELSON (HAULAGE CONTRACTORS) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Auditor's 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 auditor's 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.

Sharon Collins (Senior Statutory Auditor)
for and on behalf of Thomson Cooper
Dunfermline

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF A & J NELSON (HAULAGE CONTRACTORS) LIMITED

22 April 2021

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 £	2019 £
Turnover	2	6,856,634	6,734,353
Cost of sales		(4,668,104)	(4,824,184)
Gross profit		2,188,530	1,910,169
Administrative expenses		(1,411,066)	(1,305,560)
Other operating income		25,780	14,369
Operating profit	3	803,244	618,978
Interest receivable and similar income	6	-	5,337
Interest payable and similar expenses	7	(1,739)	(1,739)
Fair value gains and losses on investments		-	(379,681)
Profit before taxation		801,505	242,895
Tax on profit	8	(177,425)	(111,385)
Profit for the financial year		624,080	131,510
Retained earnings brought forward		6,030,734	6,089,224
Dividends	9	(185,000)	(190,000)
Retained earnings carried forward		6,469,814	6,030,734

The profit and loss account has been prepared on the basis that all operations are continuing operations.

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

BALANCE SHEET

AS AT 31 OCTOBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	10		3,708,079		3,561,152
Current assets					
Stocks	11	44,448		42,342	
Debtors	12	746,109		915,794	
Cash at bank and in hand		3,435,600		2,778,849	
		<u>4,226,157</u>		<u>3,736,985</u>	
Creditors: amounts falling due within one year	13	<u>(891,621)</u>		<u>(807,640)</u>	
Net current assets			<u>3,334,536</u>		<u>2,929,345</u>
Total assets less current liabilities			<u>7,042,615</u>		<u>6,490,497</u>
Creditors: amounts falling due after more than one year	14		(61,719)		(59,980)
Provisions for liabilities			<u>(446,457)</u>		<u>(335,158)</u>
Net assets			<u><u>6,534,439</u></u>		<u><u>6,095,359</u></u>
Capital and reserves					
Called up share capital	17		64,625		64,625
Profit and loss reserves			<u>6,469,814</u>		<u>6,030,734</u>
Total equity			<u><u>6,534,439</u></u>		<u><u>6,095,359</u></u>

The financial statements were approved by the board of directors and authorised for issue on 15 April 2021 and are signed on its behalf by:

Mr C Nelson
Director

Company Registration No. SC059157

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	23	1,805,272		1,271,882	
Interest paid		(1,739)		(1,739)	
Income taxes paid		(24,979)		(149,362)	
Net cash inflow from operating activities		1,778,554		1,120,781	
Investing activities					
Purchase of tangible fixed assets		(1,462,302)		(854,439)	
Proceeds on disposal of tangible fixed assets		525,499		158,749	
Other investment income received		-		5,337	
Net cash used in investing activities		(936,803)		(690,353)	
Financing activities					
Dividends paid		(185,000)		(190,000)	
Net cash used in financing activities		(185,000)		(190,000)	
Net increase in cash and cash equivalents		656,751		240,428	
Cash and cash equivalents at beginning of year		2,778,849		2,538,421	
Cash and cash equivalents at end of year		3,435,600		2,778,849	

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

Company information

A & J Nelson (Haulage Contractors) Limited is a private company limited by shares incorporated in Scotland. The registered office is Great North Road, Kelty, Fife, KY4 0HE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements the directors consider that the company has adequate resources to continue in operational existence for a period of not less than twelve months. The directors are aware of the impact the ongoing Coronavirus pandemic has on the company and have reviewed the cashflow requirements and are satisfied that the company has sufficient cash reserves. The directors consider that both short term liquidity and longer term financial viability is appropriate and as such continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover from haulage and garage services represents the value of the services provided under controls to the extent that there is a right to consideration and is recorded at the value of consideration due. Revenue is recognised on completion of the work done.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income and accumulated equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in a profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	15%/20% Reducing Balance
Tenant Improvements	4% Straight Line
Motor vehicles	20% Reducing Balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.6 Fixed asset investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value.

1.9 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

2 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Haulage and garage sales	6,856,634	6,734,353

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

3 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	8,950	7,500
Depreciation of owned tangible fixed assets	704,414	665,306
Loss on disposal of tangible fixed assets	85,462	15,265
	<u>798,826</u>	<u>688,071</u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Office and management	9	9
Drivers and mechanics	48	45
	<u>57</u>	<u>54</u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	2,131,864	2,022,790
Social security costs	204,488	209,165
Pension costs	77,582	77,495
	<u>2,413,934</u>	<u>2,309,450</u>

5 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	316,460	317,556
Company pension contributions to defined contribution schemes	50,000	50,000
	<u>366,460</u>	<u>367,556</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2019 - 4).

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

5 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	67,000	66,000

6 Interest receivable and similar income

	2020 £	2019 £
Income from fixed asset investments		
Income from other fixed asset investments	-	5,337

7 Interest payable and similar expenses

	2020 £	2019 £
Other finance costs:		
Other interest	1,739	1,739

8 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	66,207	25,060
Adjustments in respect of prior periods	(81)	(794)
Total current tax	66,126	24,266
Deferred tax		
Origination and reversal of timing differences	111,299	87,119
Total tax charge	177,425	111,385

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	801,505	242,895
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	152,286	46,150
Tax effect of expenses that are not deductible in determining taxable profit	360	71,444
Permanent capital allowances in excess of depreciation	(102,783)	(95,451)
Under/(over) provided in prior years	(81)	(795)
Deferred tax adjustments in respect of prior years	111,299	87,120
Loss on sale of fixed assets	16,238	2,900
Tax on investment profit	-	17
Non-qualifying depreciation	106	-
Taxation charge for the year	177,425	111,385

9 Dividends

	2020 £	2019 £
Final paid	185,000	190,000

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

10 Tangible fixed assets

	Investment Property £	Plant and equipment £	Tenant Improvements £	Motor vehicles £	Total £
Cost or valuation					
At 1 November 2019	240,000	722,556	174,422	4,937,279	6,074,257
Additions	-	224,951	3,700	1,233,651	1,462,302
Disposals	-	(113,500)	-	(1,081,741)	(1,195,241)
At 31 October 2020	240,000	834,007	178,122	5,089,189	6,341,318
Depreciation and impairment					
At 1 November 2019	-	371,743	79,810	2,061,552	2,513,105
Depreciation charged in the year	-	63,263	4,068	637,083	704,414
Eliminated in respect of disposals	-	(51,235)	-	(533,045)	(584,280)
At 31 October 2020	-	383,771	83,878	2,165,590	2,633,239
Carrying amount					
At 31 October 2020	240,000	450,236	94,244	2,923,599	3,708,079
At 31 October 2019	240,000	350,813	94,612	2,875,727	3,561,152

The company's investment property is included in the financial statements at directors' valuation. The directors of the company are of the opinion that this value is an accurate reflection of the open market of the property based on market prices in the area.

11 Stocks

	2020 £	2019 £
Raw materials and consumables	44,448	42,342

12 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	723,539	893,224
Prepayments and accrued income	22,570	22,570
	746,109	915,794

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

13 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	137,151	204,057
Corporation tax	66,207	25,060
Other taxation and social security	280,005	226,338
Other creditors	377,954	327,901
Accruals and deferred income	30,304	24,284
	<u>891,621</u>	<u>807,640</u>

The Bank of Scotland Plc holds a bond and floating charge dated 20 December 1979 over all the assets of the company.

14 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Other creditors	<u>61,719</u>	<u>59,980</u>

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	<u>446,457</u>	<u>335,158</u>
Movements in the year:		2020 £
Liability at 1 November 2019		335,158
Charge to profit or loss		<u>111,299</u>
Liability at 31 October 2020		<u>446,457</u>

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

16 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	77,582	77,495

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	64,625	64,625	64,625	64,625

18 Reserves

Share capital account - This reserve represents the nominal value of shares that have been issued.

Profit and loss account - This reserve records retained earnings and accumulated losses. Included within this reserve is a balance of £138,780 (2019: £138,780) which relates to the revaluation of investment property.

19 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	146,667	226,667

20 Contingencies

A contingent liability exists in respect of a potential tax liability as a result of tax relief received from share of losses in investment partnerships for the period 2010 to 2012. The total tax relief received amounted to £515,369. To date the company has paid £139,687 in respect of an accelerated payment notice. There is currently an ongoing enquiry between HMRC and the investment partnerships, and at present film scheme investors are receiving accelerated payment notices demanding payment of the tax in dispute upfront. However, given that an appeal has been granted to challenge the notices in court, the final outcome cannot be determined at this stage and no provision has been made in the financial statements for any tax payable.

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

21 Related party transactions

The company rents its operating premises from the Trustees of the directors' Retirement and Death Benefit Scheme. The charge for the year amounted to £80,000 (2019: £80,000). The company also paid expenses on behalf of the pension scheme totalling £1,695 (2019: £1,695).

22 Directors' transactions

The loan due from the company to the director is repayable on demand is interest free.

Description	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Mr C Nelson -	132,000	130,000	(132,000)	130,000
Mr J Nelson -	-	55,000	-	55,000
	<u>132,000</u>	<u>185,000</u>	<u>(132,000)</u>	<u>185,000</u>

23 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	624,080	131,510
Adjustments for:		
Taxation charged	177,425	111,385
Finance costs	1,739	1,739
Investment income	-	(5,337)
Loss on disposal of tangible fixed assets	85,462	15,265
Fair value (gain)/loss on investment properties	-	379,681
Depreciation and impairment of tangible fixed assets	704,414	665,306
Movements in working capital:		
Increase in stocks	(2,106)	(442)
Decrease/(increase) in debtors	169,685	(63,922)
Increase in creditors	44,573	36,697
Cash generated from operations	<u>1,805,272</u>	<u>1,271,882</u>

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