

Company registration number SC059157 (Scotland)

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2022

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 10/16 King Edward Street Perth PH1 5UT
Solicitors	Andersons LLP 40 High Street Kinross KY13 8AN

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

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A & J NELSON (HAULAGE CONTRACTORS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2022

The directors present the strategic report for the year ended 31 October 2022.

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 £1,025,556 (2021 - £453,590) and at the balance sheet date the company had a strong net asset position of £7,763,416.

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.

Key Performance Indicators

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

	2022	2021	2020
	£000	£000	£000
Turnover	8,070	7,095	6,857
Profit/(loss) before tax	1,346	654	802
Profit/(loss) after tax	1,026	454	624
Total shareholder funds	7,644	6,803	6,534
Utilisation of vehicles	94	95	95

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

3 April 2023

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2022

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

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 Nelsor
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 2022

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

3 April 2023

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 2022 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 October 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 *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.

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 auditor's 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.

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.

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: existence and timing of recognition of income, posting of unusual journals along with complex transactions. We discussed these risks with management, designed audit procedures to test the timing and existence of revenue, tested a sample of journals to confirm they were appropriate and reviewed areas of judgement for indicators of management bias to address these risks.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the officers and other management (as required by the auditing standards).

We reviewed the laws and regulations in areas that directly affect the financial statements including financial and taxation legislation and considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

With the exception of any known or possible non-compliance with relevant and significant laws and regulations, and as required by the auditing standards, our work in respect of these was limited to enquiry of the officers and management of the company.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

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 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, Statutory Auditors
Dunfermline

10 April 2023

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2022

	Notes	2022 £	2021 £
Turnover	2	8,070,900	7,095,416
Cost of sales		(5,594,184)	(4,926,154)
Gross profit		2,476,716	2,169,262
Administrative expenses		(1,144,621)	(1,564,644)
Other operating income		13,945	16,761
Operating profit	3	1,346,040	621,379
Interest receivable and similar income	6	2,014	34,380
Interest payable and similar expenses	7	(1,739)	(1,739)
Profit before taxation		1,346,315	654,020
Tax on profit	8	(320,759)	(200,430)
Profit for the financial year		1,025,556	453,590
Retained earnings brought forward		6,738,404	6,469,814
Dividends	9	(185,000)	(185,000)
Retained earnings carried forward		7,578,960	6,738,404

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 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	10		3,797,525		3,740,763
Current assets					
Stocks	11	59,984		39,843	
Debtors	12	1,263,202		1,068,971	
Cash at bank and in hand		4,383,518		3,534,896	
		5,706,704		4,643,710	
Creditors: amounts falling due within one year	13	(906,833)		(829,491)	
Net current assets			4,799,871		3,814,219
Total assets less current liabilities			8,597,396		7,554,982
Creditors: amounts falling due after more than one year	14		(65,197)		(63,458)
Provisions for liabilities			(888,614)		(688,495)
Net assets			7,643,585		6,803,029
Capital and reserves					
Called up share capital	17		64,625		64,625
Profit and loss reserves			7,578,960		6,738,404
Total equity			7,643,585		6,803,029

The financial statements were approved by the board of directors and authorised for issue on 3 April 2023 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 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	23	1,578,038	1,278,251
Interest paid		(1,739)	(1,739)
Income taxes refunded/(paid)		1	(66,359)
Net cash inflow from operating activities		<u>1,576,300</u>	<u>1,210,153</u>
Investing activities			
Purchase of tangible fixed assets		(974,521)	(1,500,737)
Proceeds from disposal of tangible fixed assets		429,829	540,500
Interest received		2,014	34,380
Net cash used in investing activities		<u>(542,678)</u>	<u>(925,857)</u>
Financing activities			
Dividends paid		(185,000)	(185,000)
Net cash used in financing activities		<u>(185,000)</u>	<u>(185,000)</u>
Net increase in cash and cash equivalents		<u>848,622</u>	<u>99,296</u>
Cash and cash equivalents at beginning of year		<u>3,534,896</u>	<u>3,435,600</u>
Cash and cash equivalents at end of year		<u><u>4,383,518</u></u>	<u><u>3,534,896</u></u>

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2022

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, modified to include the revaluation of investment properties at fair value. 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 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 2022

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.

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.

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies

(Continued)

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.

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.

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies

(Continued)

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.

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.

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies

(Continued)

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.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Haulage and garage sales	8,070,900	7,095,416
	<u> </u>	<u> </u>
	2022 £	2021 £
Other significant revenue		
Interest income	2,014	34,380
Grants received	347	-
	<u> </u>	<u> </u>

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 2022

3 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(347)	-
Fees payable to the company's auditor for the audit of the company's financial statements	1,750	16,450
Depreciation of owned tangible fixed assets	694,690	678,561
(Profit)/loss on disposal of tangible fixed assets	(206,760)	248,992

4 Employees

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

	2022	2021
	Number	Number
Office and management	10	9
Drivers and mechanics	48	48
	58	57

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,214,362	2,096,196
Social security costs	251,714	223,739
Pension costs	89,949	83,879
	2,556,025	2,403,814

5 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	316,075	314,075
Company pension contributions to defined contribution schemes	50,000	50,000
	366,075	364,075

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2021 - 4).

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

5 Directors' remuneration (Continued)

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

	2022 £	2021 £
Remuneration for qualifying services	67,000	66,000

6 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	2,014	34,380

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	2,014	34,380
--	-------	--------

7 Interest payable and similar expenses

	2022 £	2021 £
Other finance costs:		
Other interest	1,739	1,739

8 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	120,641	(41,760)
Adjustments in respect of prior periods	-	152
Total current tax	120,641	(41,608)
Deferred tax		
Origination and reversal of timing differences	200,118	242,038
Total tax charge	320,759	200,430

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

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:

	2022 £	2021 £
Profit before taxation	1,346,315	654,020
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	255,800	124,264
Tax effect of expenses that are not deductible in determining taxable profit	816	234
Permanent capital allowances in excess of depreciation	(96,691)	(213,566)
Under/(over) provided in prior years	-	152
Deferred tax adjustments in respect of prior years	200,119	242,038
Loss on sale of fixed assets	(39,285)	47,308
Taxation charge for the year	320,759	200,430

9 Dividends

	2022 £	2021 £
Final paid	185,000	185,000

10 Tangible fixed assets

	Investment Property £	Plant and equipment £	Tenant Improvements £	Motor vehicles £	Total £
Cost or valuation					
At 1 November 2021	240,000	834,035	180,715	5,038,088	6,292,838
Additions	-	60,365	2,820	911,336	974,521
Disposals	-	(36,826)	-	(700,371)	(737,197)
At 31 October 2022	240,000	857,574	183,535	5,249,053	6,530,162
Depreciation and impairment					
At 1 November 2021	-	430,276	87,789	2,034,010	2,552,075
Depreciation charged in the year	-	62,111	7,294	625,285	694,690
Eliminated in respect of disposals	-	(21,978)	-	(492,150)	(514,128)
At 31 October 2022	-	470,409	95,083	2,167,145	2,732,637
Carrying amount					
At 31 October 2022	240,000	387,165	88,452	3,081,908	3,797,525
At 31 October 2021	240,000	403,759	92,926	3,004,078	3,740,763

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

10 Tangible fixed assets

(Continued)

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

	2022 £	2021 £
Raw materials and consumables	59,984	39,843

12 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,168,187	1,003,623
Corporation tax recoverable	41,760	41,760
Other debtors	28,937	-
Prepayments and accrued income	24,318	23,588
	1,263,202	1,068,971

13 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	202,101	185,523
Corporation tax	120,641	-
Other taxation and social security	246,637	244,376
Other creditors	309,781	369,233
Accruals and deferred income	27,673	30,359
	906,833	829,491

The Bank of Scotland Plc bond and floating charge dated 20 December 1979 over all the assets of the company was satisfied on 27 May 2022.

14 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Other creditors	65,197	63,458

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

15 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Accelerated capital allowances	888,614	688,495
	<u> </u>	<u> </u>
Movements in the year:		2022 £
Liability at 1 November 2021		688,495
Charge to profit or loss		200,119
		<u> </u>
Liability at 31 October 2022		888,614
		<u> </u>

16 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	89,949	83,879
	<u> </u>	<u> </u>

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

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	64,625	64,625	64,625	64,625
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 (2021: £138,780) which relates to the revaluation of investment property.

A & J NELSON (HAULAGE CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

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:

	2022 £	2021 £
Within one year	80,000	66,667
Between two and five years	306,667	-
	<hr/>	<hr/>
Within one year	386,667	66,667
	<hr/>	<hr/>

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 an ongoing enquiry between HMRC and the investment partnerships. An appeal was granted by the courts to challenge further accelerated payment notices issued by HMRC. More recently the courts ruled that a further appeal could not be made however permission has been requested from the Supreme Court to appeal the Court of Appeal's decision. HMRC may issue further accelerated payment notices however 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 2022

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 (2021: £80,000). The company also paid expenses on behalf of the pension scheme totalling £5,995 (2021: £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 repaid £	Closing balance £
Mr C Nelson -	130,000	-	130,000
Mr J Nelson -	55,000	(55,000)	-
	<u>185,000</u>	<u>(55,000)</u>	<u>130,000</u>

23 Cash generated from operations

	2022 £	2021 £
Profit for the year after tax	1,025,556	453,590
Adjustments for:		
Taxation charged	320,759	200,430
Finance costs	1,739	1,739
Investment income	(2,014)	(34,380)
(Gain)/loss on disposal of tangible fixed assets	(206,760)	248,992
Depreciation and impairment of tangible fixed assets	694,690	678,561
Movements in working capital:		
(Increase)/decrease in stocks	(20,141)	4,605
Increase in debtors	(194,231)	(281,102)
(Decrease)/increase in creditors	(41,560)	5,816
Cash generated from operations	<u>1,578,038</u>	<u>1,278,251</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.