

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 29 February 2020
for
Cartwright Bros. (Haulage) Limited

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for the Year Ended 29 February 2020

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Cartwright Bros. (Haulage) Limited

Company Information
for the Year Ended 29 February 2020

DIRECTORS:

J R Cartwright
J W Cartwright

REGISTERED OFFICE:

Freeman Road
North Hykeham
Lincoln
Lincolnshire
LN6 9AP

REGISTERED NUMBER:

00726306 (England and Wales)

AUDITORS:

John Alderdice & Son
21 Sherburn Terrace
Consett
Co. Durham
DH8 6ND

ACCOUNTANTS:

Accountancy Solutions (UK) Limited
Suite 9 Normanby Gateway
Lysaghts Way
Scunthorpe
North Lincolnshire
DN15 9YG

Strategic Report
for the Year Ended 29 February 2020

The directors present their strategic report for the year ended 29 February 2020.

REVIEW OF BUSINESS

The principal activities of the company during the year were those of haulage and storage. The company's main source of income continues to be haulage, predominantly throughout the UK.

The directors are pleased to report that for the fifth year in succession a turnover of above £11 million has been achieved.

We consider our key financial performance indicators to be those that illustrate the financial performance and strength of the company as a whole, namely turnover, and key operating ratios which are monitored monthly management accounts. On the basis of these results the directors consider the affairs of the company to be satisfactory.

PRINCIPAL RISKS AND UNCERTAINTIES

As for many businesses of our size, the business environment, and associated risk, in which we operate continues to be challenging. In common with the majority of road hauliers our fortunes reflect those of our customers and we seek to minimize our risk exposure by working with established businesses in robust sectors.

As a business we continuously strive to improve the quality of the services we provide through our employee training and detailed reviews of our operating procedures. The company also pays considerable attention to the selection and maintenance of its vehicle fleet in order to fully comply with constantly evolving EU regulations with regards to emissions and green energy. On this basis we remain very confident in the future prospects of the business.

The UK economy, in general, and the Brexit outcome, have proven to be risks that the company has faced during the year. The directors have been able to plan for the effects of the UK leaving the European Union now that more detailed government guidance has been published and consider the impact on day-to-day operations of the company to be minor.

The COVID-19 pandemic started to impact the company, and the UK in general, from March 2020. The company was able to respond quickly, taking advantage of the various business support schemes, to continue to provide high levels of customer service to minimise the financial impact of the pandemic.

CREDIT RISK

The company seeks to manage its credit risk by dealing with established customers or otherwise checking the credit-worthiness of new customers, establishing clear contractual relationships with those customers and by identifying and addressing any credit issues arising in a timely manner.

LIQUIDITY RISK

The company seeks to manage its credit risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities.

ON BEHALF OF THE BOARD:

J R Cartwright - Director

28 January 2021

Report of the Directors
for the Year Ended 29 February 2020

The directors present their report with the financial statements of the company for the year ended 29 February 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of hauliers.

DIVIDENDS

No interim dividend was paid during the year. The directors recommend a final dividend of 19969 per share.

The total distribution of dividends for the year ended 29 February 2020 will be £ 139,496 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 March 2019 to the date of this report.

J R Cartwright
J W Cartwright

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, John Alderdice & Son, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J R Cartwright - Director

28 January 2021

Opinion

We have audited the financial statements of Cartwright Bros. (Haulage) Limited (the 'company') for the year ended 29 February 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 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 29 February 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 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 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

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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

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 Statement of Directors' Responsibilities set out on page three, 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 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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Christopher Bailey (Senior Statutory Auditor)
for and on behalf of John Alderdice & Son
21 Sherburn Terrace
Consett
Co. Durham
DH8 6ND

28 January 2021

Income Statement
for the Year Ended 29 February 2020

| | Notes | 29.2.20 £ | 28.2.19 as restated £ |
|---|-------|---------------------|-----------------------------|
| TURNOVER | | 11,847,851 | 11,369,639 |
| Cost of sales | | <u>(10,150,824)</u> | <u>(9,450,555)</u> |
| GROSS PROFIT | | 1,697,027 | 1,919,084 |
| Administrative expenses | | <u>(1,438,493)</u> | <u>(1,483,143)</u> |
| | | 258,534 | 435,941 |
| Other operating income | | <u>55,235</u> | <u>63,039</u> |
| OPERATING PROFIT | 5 | 313,769 | 498,980 |
| Interest receivable and similar income | | <u>4,172</u> | <u>4,522</u> |
| | | 317,941 | 503,502 |
| Gain/loss on revaluation of investment property | | <u>-</u> | <u>34,100</u> |
| | | 317,941 | 537,602 |
| Interest payable and similar expenses | 7 | <u>(238,936)</u> | <u>(201,064)</u> |
| PROFIT BEFORE TAXATION | | 79,005 | 336,538 |
| Tax on profit | 8 | <u>62,710</u> | <u>(144,254)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | <u>141,715</u> | <u>192,284</u> |

The notes form part of these financial statements

Other Comprehensive Income
for the Year Ended 29 February 2020

| | Notes | 29.2.20 £ | 28.2.19 as restated £ |
|---|---------|--------------|-----------------------------|
| PROFIT FOR THE YEAR | | 141,715 | 192,284 |
| OTHER COMPREHENSIVE INCOME | | | |
| Revaluation of freehold property | | - | 16,400 |
| Income tax relating to other comprehensive income | | - | - |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX | | - | 16,400 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 141,715 | 208,684 |
| Prior year adjustment | Note 10 | 122,482 | 1,074,264 |
| TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT | | 264,197 | 1,282,948 |

Balance Sheet
29 February 2020

| | Notes | 29.2.20 £ | 28.2.19 as restated £ |
|--|-------|-------------------------|-----------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 11 | 5,414,513 | 4,906,675 |
| Investments | 12 | 58,000 | 8,000 |
| Investment property | 13 | <u>1,722,050</u> | <u>1,722,050</u> |
| | | <u>7,194,563</u> | <u>6,636,725</u> |
| CURRENT ASSETS | | | |
| Stocks | 14 | 413,936 | 394,286 |
| Debtors | 15 | 3,137,304 | 2,755,449 |
| Cash at bank and in hand | | <u>8,620</u> | <u>8,615</u> |
| | | <u>3,559,860</u> | <u>3,158,350</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 16 | <u>(4,504,581)</u> | <u>(5,136,022)</u> |
| NET CURRENT LIABILITIES | | <u>(944,721)</u> | <u>(1,977,672)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 6,249,842 | 4,659,053 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 17 | (3,066,402) | (1,551,946) |
| PROVISIONS FOR LIABILITIES | 21 | <u>(629,833)</u> | <u>(555,719)</u> |
| NET ASSETS | | <u><u>2,553,607</u></u> | <u><u>2,551,388</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 22 | 8,000 | 8,000 |
| Revaluation reserve | 23 | 566,316 | 566,316 |
| Retained earnings | 23 | <u>1,979,291</u> | <u>1,977,072</u> |
| SHAREHOLDERS' FUNDS | | <u><u>2,553,607</u></u> | <u><u>2,551,388</u></u> |

The financial statements were approved by the Board of Directors and authorised for issue on 28 January 2021 and were signed on its behalf by:

J R Cartwright - Director

J W Cartwright - Director

Statement of Changes in Equity
for the Year Ended 29 February 2020

| | Called up share capital £ | Retained earnings £ | Revaluation reserve £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|-----------------------------|----------------------|
| Balance at 1 March 2018 | 8,000 | 790,858 | 549,916 | 1,348,774 |
| Prior year adjustment | - | 1,074,264 | - | 1,074,264 |
| As restated | 8,000 | 1,865,122 | 549,916 | 2,423,038 |
| Changes in equity | | | | |
| Dividends | - | (80,334) | - | (80,334) |
| Total comprehensive income | - | 69,802 | 16,400 | 86,202 |
| Balance at 28 February 2019 | 8,000 | 1,854,590 | 566,316 | 2,428,906 |
| Prior year adjustment | - | 122,482 | - | 122,482 |
| As restated | 8,000 | 1,977,072 | 566,316 | 2,551,388 |
| Changes in equity | | | | |
| Dividends | - | (139,496) | - | (139,496) |
| Total comprehensive income | - | 141,715 | - | 141,715 |
| Balance at 29 February 2020 | 8,000 | 1,979,291 | 566,316 | 2,553,607 |

Cash Flow Statement
for the Year Ended 29 February 2020

| | Notes | 29.2.20 £ | 28.2.19 as restated £ |
|--|-------|--------------------|-----------------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 756,452 | 908,651 |
| Interest paid | | (214,354) | (129,489) |
| Interest element of hire purchase and finance lease rental payments paid | | (24,582) | (71,575) |
| Tax paid | | 219 | 18,754 |
| Net cash from operating activities | | <u>517,735</u> | <u>726,341</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (1,270,486) | (1,116,299) |
| Purchase of fixed asset investments | | (50,000) | - |
| Sale of tangible fixed assets | | 147,120 | 160,359 |
| Interest received | | 4,172 | 4,522 |
| Net cash from investing activities | | <u>(1,169,194)</u> | <u>(951,418)</u> |
| Cash flows from financing activities | | | |
| New loans in year | | 2,210,137 | 774,853 |
| Loan repayments in year | | (1,254,635) | (777,765) |
| Capital repayments in year | | 448,914 | 210,691 |
| Amount introduced by directors | | 61,094 | - |
| Amount withdrawn by directors | | (60,572) | (57,706) |
| Invoice finance facility | | 66,078 | 113,579 |
| Other adjustments | | 42 | - |
| Equity dividends paid | | (139,496) | (80,334) |
| Net cash from financing activities | | <u>1,331,562</u> | <u>183,318</u> |
| Increase/(decrease) in cash and cash equivalents | | <u>680,103</u> | <u>(41,759)</u> |
| Cash and cash equivalents at beginning of year | 2 | (700,906) | (659,147) |
| Cash and cash equivalents at end of year | 2 | <u>(20,803)</u> | <u>(700,906)</u> |

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 29 February 2020

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

| | 29.2.20 | 28.2.19 as restated |
|---|-----------------------|------------------------|
| | £ | £ |
| Profit before taxation | 79,005 | 336,538 |
| Depreciation charges | 612,734 | 502,402 |
| Loss/(profit) on disposal of fixed assets | 2,754 | (797) |
| Gain on revaluation of fixed assets | - | (34,100) |
| Finance costs | 238,936 | 201,064 |
| Finance income | (4,172) | (4,522) |
| | <u>929,257</u> | <u>1,000,585</u> |
| Increase in stocks | (19,650) | (89,016) |
| Increase in trade and other debtors | (284,052) | (284,695) |
| Increase in trade and other creditors | <u>130,897</u> | <u>281,777</u> |
| Cash generated from operations | <u><u>756,452</u></u> | <u><u>908,651</u></u> |

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 29 February 2020

| | 29.2.20 | 1.3.19 |
|---------------------------|------------------------|-------------------------|
| | £ | £ |
| Cash and cash equivalents | 8,620 | 8,615 |
| Bank overdrafts | <u>(29,423)</u> | <u>(709,521)</u> |
| | <u><u>(20,803)</u></u> | <u><u>(700,906)</u></u> |

Year ended 28 February 2019

| | 28.2.19 as restated | 1.3.18 |
|---------------------------|-------------------------|-------------------------|
| | £ | £ |
| Cash and cash equivalents | 8,615 | 8,615 |
| Bank overdrafts | <u>(709,521)</u> | <u>(667,762)</u> |
| | <u><u>(700,906)</u></u> | <u><u>(659,147)</u></u> |

Notes to the Cash Flow Statement
for the Year Ended 29 February 2020

3. ANALYSIS OF CHANGES IN NET DEBT

| | At 1.3.19 £ | Cash flow £ | At 29.2.20 £ |
|----------------------------------|--------------------|--------------------|--------------------|
| Net cash | | | |
| Cash at bank and in hand | 8,615 | 5 | 8,620 |
| Bank overdrafts | (709,521) | 680,098 | (29,423) |
| | <u>(700,906)</u> | <u>680,103</u> | <u>(20,803)</u> |
| Debt | | | |
| Hire purchase and finance leases | (1,721,445) | (448,914) | (2,170,359) |
| Debts falling due within 1 year | (1,911,515) | (106,492) | (2,018,007) |
| Debts falling due after 1 year | (422,028) | (915,090) | (1,337,118) |
| | <u>(4,054,988)</u> | <u>(1,470,496)</u> | <u>(5,525,484)</u> |
| Total | <u>(4,755,894)</u> | <u>(790,393)</u> | <u>(5,546,287)</u> |

Notes to the Financial Statements
for the Year Ended 29 February 2020

1. **STATUTORY INFORMATION**

Cartwright Bros. (Haulage) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised once the supply of services is complete the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Tangible fixed assets

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

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 the profit and 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 decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in the profit or loss.

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value over the useful economic life of that asset as follows:

| | |
|-----------------------|---|
| Freehold property | - Revaluation policy |
| Plant and machinery | - 33% on cost and 15% on reducing balance |
| Fixtures and fittings | - 15% on reducing balance |
| Motor vehicles | - 15% on reducing balance |

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

The company has net current liabilities at the balance sheet date. The directors have therefore considered whether the financial statements should be prepared on a going concern basis. It is noted the company remains profitable and furthermore all current financing facilities are agreed and appropriately secured. With that in mind, and after giving due consideration to post year end trading performance, where the company shows further profitability, the directors do not have any immediate concerns that the company will not be able to meet its ongoing liabilities as they fall due and as such the directors continue to adopt the going concern basis for the preparation of the financial statements.

3. **EMPLOYEES AND DIRECTORS**

| | 29.2.20 | 28.2.19 as restated |
|-----------------------|------------------|------------------------|
| | £ | £ |
| Wages and salaries | 3,195,858 | 3,196,951 |
| Social security costs | 307,252 | 309,261 |
| Other pension costs | 40,924 | 41,041 |
| | <u>3,544,034</u> | <u>3,547,253</u> |

The average number of employees during the year was as follows:

| | 29.2.20 | 28.2.19 as restated |
|----------------------|------------|------------------------|
| Distribution staff | 94 | 90 |
| Administrative staff | 14 | 17 |
| Management staff | 2 | 4 |
| | <u>110</u> | <u>111</u> |

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

4. **DIRECTORS' EMOLUMENTS**

| | 29.2.20 | 28.2.19 as restated |
|-------------------------|---------------|------------------------|
| | £ | £ |
| Directors' remuneration | <u>79,500</u> | <u>92,486</u> |

5. **OPERATING PROFIT**

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

| | 29.2.20 | 28.2.19 as restated |
|---|--------------|------------------------|
| | £ | £ |
| Hire of plant and machinery | 64,939 | 101,583 |
| Vehicle leasing charges | 82,820 | 127,370 |
| Depreciation - owned assets | 220,155 | 182,282 |
| Depreciation - assets on hire purchase contracts and finance leases | 392,619 | 320,120 |
| Loss/(profit) on disposal of fixed assets | <u>2,754</u> | <u>(797)</u> |

6. **AUDITORS' REMUNERATION**

| | 28.02.20 £ | 28.02.19 £ |
|--|---------------|---------------|
| Fees payable for the audit of the financial statements: | | |
| Forrester Boyd | - | 11,369 |
| Accountancy Solutions (UK) Limited | 6,999 | 6,762 |
| Fees payable to the company's auditor and its associates for other services: | | |
| Forrester Boyd | (1,525) | 2,610 |
| Accountancy Solutions (UK) Limited | 13,465 | - |

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

| | 29.2.20 | 28.2.19 as restated |
|-----------------------|----------------|------------------------|
| | £ | £ |
| Bank interest | 3,100 | 15,000 |
| Bank loan interest | 155,796 | 66,218 |
| Factoring interest | 55,339 | 48,271 |
| Late payment interest | 119 | - |
| Hire purchase | <u>24,582</u> | <u>71,575</u> |
| | <u>238,936</u> | <u>201,064</u> |

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

8. **TAXATION**

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

| | 29.2.20 | 28.2.19 as restated |
|--------------------------|-----------|------------------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 866 | 16,057 |
| Tax repayable due to R&D | (137,690) | - |
| Total current tax | (136,824) | 16,057 |
| Deferred tax | 74,114 | 128,197 |
| Tax on profit | (62,710) | 144,254 |

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

| | 29.2.20 | 28.2.19 as restated |
|--|-----------|------------------------|
| | £ | £ |
| Profit before tax | 79,005 | 336,538 |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%) | 15,011 | 63,942 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 6,685 | 6,095 |
| Capital allowances in excess of depreciation | (145,482) | (49,054) |
| Utilisation of tax losses | - | (4,774) |
| Deferred taxation | 74,114 | 128,197 |
| Other adjustments | - | (152) |
| Corrections to tax account | 866 | - |
| Losses carried forward | 123,786 | - |
| Research & development tax credits | (137,690) | - |
| Total tax (credit)/charge | (62,710) | 144,254 |

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 29 February 2020.

| | Gross | 28.2.19 Tax | Net |
|----------------------------------|--------|----------------|--------|
| | £ | £ | £ |
| Revaluation of freehold property | 16,400 | - | 16,400 |

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

9. **DIVIDENDS**

| | 29.2.20 | 28.2.19 as restated |
|----------------------------|----------------|------------------------|
| | £ | £ |
| Ordinary shares of £1 each | | |
| Final | <u>139,496</u> | <u>80,334</u> |

10. **PRIOR YEAR ADJUSTMENT**

The prior year adjustments of £122,482 represent the correction of overstated depreciation charges in relation to one category of tangible fixed assets.

11. **TANGIBLE FIXED ASSETS**

| | Freehold property £ | Plant and machinery £ | Fixtures and fittings £ |
|---------------------------|---------------------------|-----------------------------|----------------------------------|
| COST OR VALUATION | | | |
| At 1 March 2019 | 828,200 | 1,101,935 | 521,042 |
| Additions | - | 180,069 | 52,416 |
| Disposals | - | (5,500) | - |
| Reclassification/transfer | - | - | - |
| At 29 February 2020 | <u>828,200</u> | <u>1,276,504</u> | <u>573,458</u> |
| DEPRECIATION | | | |
| At 1 March 2019 | - | 606,500 | 369,419 |
| Charge for year | - | 107,790 | 27,999 |
| Eliminated on disposal | - | (4,075) | - |
| Reclassification/transfer | - | - | - |
| At 29 February 2020 | <u>-</u> | <u>710,215</u> | <u>397,418</u> |
| NET BOOK VALUE | | | |
| At 29 February 2020 | <u>828,200</u> | <u>566,289</u> | <u>176,040</u> |
| At 28 February 2019 | <u>828,200</u> | <u>495,435</u> | <u>151,623</u> |

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

11. **TANGIBLE FIXED ASSETS - continued**

| | Motor vehicles £ | Trailers £ | Totals £ |
|---------------------------|------------------------|---------------|-------------|
| COST OR VALUATION | | | |
| At 1 March 2019 | 7,869,698 | - | 10,320,875 |
| Additions | 711,342 | 326,659 | 1,270,486 |
| Disposals | (168,262) | (4,142) | (177,904) |
| Reclassification/transfer | (2,741,990) | 2,741,990 | - |
| At 29 February 2020 | 5,670,788 | 3,064,507 | 11,413,457 |
| DEPRECIATION | | | |
| At 1 March 2019 | 4,438,281 | - | 5,414,200 |
| Charge for year | 374,633 | 102,352 | 612,774 |
| Eliminated on disposal | (20,887) | (3,068) | (28,030) |
| Reclassification/transfer | (1,729,237) | 1,729,237 | - |
| At 29 February 2020 | 3,062,790 | 1,828,521 | 5,998,944 |
| NET BOOK VALUE | | | |
| At 29 February 2020 | 2,607,998 | 1,235,986 | 5,414,513 |
| At 28 February 2019 | 3,431,417 | - | 4,906,675 |

Cost or valuation at 29 February 2020 is represented by:

| | Freehold property £ | Plant and machinery £ | Fixtures and fittings £ |
|-------------------|---------------------------|-----------------------------|----------------------------------|
| Valuation in 2018 | 173,132 | - | - |
| Valuation in 2019 | 16,400 | - | - |
| Cost | 638,668 | 1,276,504 | 573,458 |
| | 828,200 | 1,276,504 | 573,458 |

| | Motor vehicles £ | Trailers £ | Totals £ |
|-------------------|------------------------|---------------|-------------|
| Valuation in 2018 | - | - | 173,132 |
| Valuation in 2019 | - | - | 16,400 |
| Cost | 5,670,788 | 3,064,507 | 11,223,925 |
| | 5,670,788 | 3,064,507 | 11,413,457 |

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

11. **TANGIBLE FIXED ASSETS - continued**

If freehold property had not been revalued they would have been included at the following historical cost:

| | 29.2.20 | 28.2.19 as restated |
|--|----------------|------------------------|
| | £ | £ |
| Cost | <u>638,668</u> | <u>638,668</u> |
| Value of land in freehold land and buildings | <u>638,668</u> | <u>638,668</u> |

Freehold land and buildings were valued on an open market basis on 29 February 2020 by JH Walter LLP .

Fixed assets, included in the above, which are held under hire purchase contracts and finance leases are as follows:

| | Plant and machinery £ | Motor vehicles £ | Trailers £ | Totals £ |
|---------------------------|-----------------------------|------------------------|----------------|------------------|
| COST OR VALUATION | | | | |
| At 1 March 2019 | 270,735 | 3,556,519 | - | 3,827,254 |
| Additions | 96,342 | 694,582 | 321,530 | 1,112,454 |
| Reclassification/transfer | - | (653,079) | 653,079 | - |
| At 29 February 2020 | <u>367,077</u> | <u>3,598,022</u> | <u>974,609</u> | <u>4,939,708</u> |
| DEPRECIATION | | | | |
| At 1 March 2019 | 105,808 | 1,410,640 | - | 1,516,448 |
| Charge for year | 31,080 | 315,780 | 45,759 | 392,619 |
| Reclassification/transfer | - | (307,276) | 307,276 | - |
| At 29 February 2020 | <u>136,888</u> | <u>1,419,144</u> | <u>353,035</u> | <u>1,909,067</u> |
| NET BOOK VALUE | | | | |
| At 29 February 2020 | <u>230,189</u> | <u>2,178,878</u> | <u>621,574</u> | <u>3,030,641</u> |
| At 28 February 2019 | <u>164,927</u> | <u>2,145,879</u> | <u>-</u> | <u>2,310,806</u> |

12. **FIXED ASSET INVESTMENTS**

| | Unlisted investments £ |
|-----------------------|------------------------------|
| COST | |
| At 1 March 2019 | 8,000 |
| Additions | <u>50,000</u> |
| At 29 February 2020 | <u>58,000</u> |
| NET BOOK VALUE | |
| At 29 February 2020 | <u>58,000</u> |
| At 28 February 2019 | <u>8,000</u> |

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

13. INVESTMENT PROPERTY

| | Total £ |
|-----------------------|------------------|
| FAIR VALUE | |
| At 1 March 2019 | |
| and 29 February 2020 | <u>1,722,050</u> |
| NET BOOK VALUE | |
| At 29 February 2020 | <u>1,722,050</u> |
| At 28 February 2019 | <u>1,722,050</u> |

Fair value at 29 February 2020 is represented by:

| | £ |
|-------------------|------------------|
| Valuation in 2018 | 1,520,300 |
| Valuation in 2019 | 34,100 |
| Cost | <u>167,650</u> |
| | <u>1,722,050</u> |

If investment property had not been revalued it would have been included at the following historical cost:

| | 29.2.20 | 28.2.19 as restated |
|------|----------------|------------------------|
| | £ | £ |
| Cost | <u>167,650</u> | <u>167,650</u> |

Investment property was valued on an open market basis on 29 February 2020 by JH Walter LLP .

14. STOCKS

| | 29.2.20 | 28.2.19 as restated |
|----------------------|----------------|------------------------|
| | £ | £ |
| Fuel, oil and spares | <u>413,936</u> | <u>394,286</u> |

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 29.2.20 | 28.2.19 as restated |
|--------------------------------|------------------|------------------------|
| | £ | £ |
| Trade debtors | 2,199,825 | 2,052,546 |
| Other debtors | 94,042 | 54,284 |
| Directors' current accounts | 171,052 | 171,574 |
| Tax | 98,325 | - |
| Prepayments and accrued income | <u>574,060</u> | <u>477,045</u> |
| | <u>3,137,304</u> | <u>2,755,449</u> |

Trade debtors and bank loans and overdrafts as at 29 February 2020 includes £1,703,882 (2019: £1,637,804) of invoices discounted with recourse.

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

16. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 29.2.20 | 28.2.19 as restated |
|--|------------------|------------------------|
| | £ | £ |
| Bank loans and overdrafts (see note 18) | 1,883,305 | 2,387,917 |
| Other loans (see note 18) | 164,125 | 233,119 |
| Hire purchase contracts and finance leases (see note 19) | 652,151 | 591,527 |
| Trade creditors | 1,349,768 | 1,246,991 |
| Tax | 10,350 | 48,630 |
| Social security and other taxes | 48,000 | 165,521 |
| VAT | 243,402 | 274,615 |
| Other creditors | 142,637 | 121,483 |
| Accruals and deferred income | 10,843 | 66,219 |
| | <u>4,504,581</u> | <u>5,136,022</u> |

17. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

| | 29.2.20 | 28.2.19 as restated |
|--|------------------|------------------------|
| | £ | £ |
| Bank loans (see note 18) | 1,212,500 | 356,513 |
| Other loans (see note 18) | 124,618 | 65,515 |
| Hire purchase contracts and finance leases (see note 19) | 1,518,208 | 1,129,918 |
| Social security and other taxes | 211,076 | - |
| | <u>3,066,402</u> | <u>1,551,946</u> |

18. **LOANS**

An analysis of the maturity of loans is given below:

| | 29.2.20 | 28.2.19 as restated |
|---|------------------|------------------------|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | 29,423 | 709,521 |
| Bank loans | 150,000 | 40,592 |
| Invoice finance facility | 1,703,882 | 1,637,804 |
| Other loans | 164,125 | 233,119 |
| | <u>2,047,430</u> | <u>2,621,036</u> |
| Amounts falling due between one and two years: | | |
| Bank loans - 1-2 years | 150,000 | 41,192 |
| Other loans - 1-2 years | 73,512 | 42,882 |
| | <u>223,512</u> | <u>84,074</u> |

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

18. **LOANS - continued**

| | 29.2.20 | 28.2.19 as restated |
|---|----------------|------------------------|
| | £ | £ |
| Amounts falling due between two and five years: | | |
| Bank loans - 2-5 years | 450,000 | 125,376 |
| Other loans - 2-5 years | <u>51,106</u> | <u>22,633</u> |
| | <u>501,106</u> | <u>148,009</u> |
| Amounts falling due in more than five years: | | |
| Repayable by instalments | | |
| Bank loans more 5 yr by instal | <u>612,500</u> | <u>189,945</u> |

19. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

| | Hire purchase contracts | | Finance leases | |
|----------------------------|-------------------------|------------------------|----------------|------------------------|
| | 29.2.20 | 28.2.19 as restated | 29.2.20 | 28.2.19 as restated |
| | £ | £ | £ | £ |
| Net obligations repayable: | | | | |
| Within one year | 597,869 | 495,830 | 54,282 | 95,697 |
| Between one and five years | <u>1,494,196</u> | <u>1,017,003</u> | <u>24,012</u> | <u>112,915</u> |
| | <u>2,092,065</u> | <u>1,512,833</u> | <u>78,294</u> | <u>208,612</u> |

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

20. SECURED DEBTS

The following secured debts are included within creditors:

| | 29.2.20 | 28.2.19 as restated |
|--|------------------|------------------------|
| | £ | £ |
| Bank overdrafts | 29,423 | 709,521 |
| Bank loans | 3,066,382 | 2,034,909 |
| Hire purchase contracts and finance leases | 2,170,359 | 1,721,445 |
| | <u>5,266,164</u> | <u>4,465,875</u> |

Bank loans and overdrafts are secured by the following:

- 1) The first legal charge over the company's freehold land and buildings.
- 2) Debenture including first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking, both present and future.

The company operates invoice financing, the balance of which at the year end was £1,703,882, which has been offset against trade debtors in the accounts. This balance is included in the bank loans total as noted above.

This amount is secured against the following:

- 1) Fixed equitable charge over all debts purchased or purported to be purchased by the security holder and the company.
- 2) Floating charge over all the undertaking of the company and all assets whatsoever and wheresoever now owned or acquired by the company.
- 3) Legal charge over the company's freehold land and buildings.

Hire purchase liabilities are secured over the asset to which they relate.

21. PROVISIONS FOR LIABILITIES

| | 29.2.20 | 28.2.19 as restated |
|-----------------------------|----------------|------------------------|
| | £ | £ |
| Deferred tax | <u>629,833</u> | <u>555,719</u> |
| | | Deferred tax |
| | | £ |
| Balance at 1 March 2019 | | 555,719 |
| Provided during year | | <u>74,114</u> |
| Balance at 29 February 2020 | | <u>629,833</u> |

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:
Number: Class:

| | Nominal value: | 29.2.20 | 28.2.19 as restated |
|----------------|----------------|--------------|------------------------|
| | | £ | £ |
| 8,000 Ordinary | £1 | <u>8,000</u> | <u>8,000</u> |

23. RESERVES

| | Retained earnings £ | Revaluation reserve £ | Totals £ |
|-----------------------|------------------------|--------------------------|------------------|
| At 1 March 2019 | 1,854,590 | 566,316 | 2,420,906 |
| Prior year adjustment | <u>122,482</u> | | <u>122,482</u> |
| | 1,977,072 | | 2,543,388 |
| Profit for the year | 141,715 | | 141,715 |
| Dividends | <u>(139,496)</u> | | <u>(139,496)</u> |
| At 29 February 2020 | <u>1,979,291</u> | <u>566,316</u> | <u>2,545,607</u> |

24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 29 February 2020 and 28 February 2019:

| | 29.2.20 | 28.2.19 as restated |
|--------------------------------------|----------------|------------------------|
| | £ | £ |
| J W Cartwright | | |
| Balance outstanding at start of year | 41,684 | 27,098 |
| Amounts advanced | 30,152 | 14,586 |
| Amounts repaid | (30,547) | - |
| Amounts written off | - | - |
| Amounts waived | - | - |
| Balance outstanding at end of year | <u>41,289</u> | <u>41,684</u> |
| J R Cartwright | | |
| Balance outstanding at start of year | 129,890 | 86,770 |
| Amounts advanced | 30,419 | 43,120 |
| Amounts repaid | (30,547) | - |
| Amounts written off | - | - |
| Amounts waived | - | - |
| Balance outstanding at end of year | <u>129,762</u> | <u>129,890</u> |

The above advances were unsecured and had no fixed repayment date. Interest has been charged at the Official Rate of Interest, i.e. 2.5%.

25. RELATED PARTY DISCLOSURES

Mrs E Cartwright and Mrs K Cartwright, wives to Mr J W Cartwright and Mr J R Cartwright respectively, received salaries from the company in the year.

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