
Farralls Transport (Properties) Limited

Annual Report and Consolidated Financial Statements

for the year ended 31 December 2019

Farralls Transport (Properties) Limited

Company Information

Directors	M C Farrall M W Farrall Mrs E A Farrall
Registered number	09045535
Registered office	Unit 2 Second Avenue Deeside Industrial Park Deeside Clwyd CH5 2NX
Independent auditors	Hurst Accountants Limited Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport SK1 1TD

Farralls Transport (Properties) Limited

Contents

	Page
Group Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditors' Report	6 - 8
Consolidated Statement of Comprehensive Income	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Analysis of Net Debt	15
Notes to the Financial Statements	16 - 38

**Group Strategic Report
for the year ended 31 December 2019**

Introduction

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

Principal Activity

The principal activity of the group in the period under review was that of the provision of contract distribution, general haulage and pallet network operations for a variety of industries. The customer base is made up primarily of industrial, retail and manufacturing businesses who supply UK and international markets.

Business review

We aim to present a balanced and comprehensive review of the development of the business during the year and its position at the year end. Our review is consistent with the size and complexity of the business and is written in the context of the risks and uncertainties we face.

The results for the year and financial position of the group are as shown in the financial statements and we consider the key financial performance indicators which communicate financial performance and strength of the company as a whole are turnover and profit margin.

The group has maintained its turnover with a positive increase of 1.3% to £9,432,412 and generated a gross profit for the year of £1,544,350. Gross profit margins have been maintained during the period of increased sales, whereas operating profit has decreased by 66% due to significant key commercial decisions taken in the year. It is evident that these challenges have impacted on the business and caused an increase in business costs.

2019 has been another year of investment in all areas of the business. Of particular significance is the investment in warehousing space, which has facilitated an increase in capacity of more than double that in the prior year. Continued development of our systems has enabled us to stay competitive and drive efficiencies internally and within our customer base.

Post balance sheet events

The Covid-19 pandemic after the year end has impacted the majority of UK businesses. Following the implementation of lockdown restrictions by the UK Government on 23 March 2020, the directors carried out a number of immediate actions including utilisation of the Coronavirus Job Retention Scheme scheme for some employees and making arrangements with HMRC to defer relevant payments.

Since the balance sheet date, the Board has focused on allocating resources appropriately to fulfil changing demands as a result of market fluctuations caused by the Covid-19 pandemic. As a result, the group has continued to trade profitably and the Board believes that, with this continued focus on resourcing, the group will meet its day-to-day working capital requirements from positive operating cash flows. To this end, the profitability and liquidity of the group is forecast to remain consistent through to December 2021.

**Group Strategic Report (continued)
for the year ended 31 December 2019**

Principal risks and uncertainties

The group faces the same risks and uncertainties as those associated with other companies operating in the transport and storage industry. The directors are content the business has a highly motivated and driven workforce. When faced with the same challenges as similar operators across the industry, as similar operators, the business has adequate processes, strong management and skilled people who can not only cope with the demands but exceed expectations.

Financial Risk Management and Objectives

The group uses various financial instruments in order to raise finance for the group's operations. The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below.

The main risks arising from the group's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks. These policies remain unchanged from previous years.

The group's principal financial assets are trade debtors arising from the group's primary activities. In the event of any default, the group's terms and conditions of trade provide for the exercising of a lien on product held within the group's facilities thus minimising the exposure to bad debts.

In order to further manage credit risk, the directors set specific credit limits on clients based on criteria including payment history, credit referencing and market intelligence. Credit limits are reviewed regularly.

The group seeks to manage financial 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 the use of overdraft facilities.

Based on the circumstances presented above, the directors have a realistic expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The directors are confident we are commercially and financially in a very strong position to continue our development of the business and our strategic plans. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing these financial statements.

Farralls Transport (Properties) Limited

Group Strategic Report (continued) for the year ended 31 December 2019

Financial key performance indicators

The group uses a number of key performance indicators in assessing and driving performance. The key financial and non-financial indicators used by the group are sales, spend per head, gross margin, wages as a percentage of sales and customer

feedback.

	2019	2018	Char
	£	£	
Turnover	9,432,412	9,313,481	
Gross profit	1,544,350	1,552,862	(0
Wages as a percentage of sales	26.7%	24.5%	

Future developments

2020 will be a year of consolidation, following the directorship changes in 2019 and the Covid-19 pandemic. As with 2019, we are looking to continue building on the financial stability of the group and to instigate growth in a sustainable structure.

Alongside continuing our implemented fleet renewal program, which will ensure persistent improvement of cost efficiencies with new and enhanced equipment, we will be sustainably increasing our fleet numbers to allow us to expand our customer profile.

Given the vastly increased capacity of our warehousing space, we are looking to increase revenue in this area by ensuring that this capacity is filled throughout the year.

Finally, we will be focusing on our core values as a family business and ensuring this is promoted to our workforce and customer base. The aim is to build upon a balanced business model which will allow us to grow financially for everyone connected with the business.

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

Mrs E A Farrall

Director

Date: 17 December 2020

Farralls Transport (Properties) Limited

Directors' Report for the year ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Results and dividends

The profit for the year, after taxation, amounted to £93,886 (2018 -£475,296).

The directors do not recommend a final dividend.

Directors

The directors who served during the year were:

M C Farrall
M W Farrall
Mrs E A Farrall

Future developments

The future development of the group are disclosed in the Strategic Report.

Farralls Transport (Properties) Limited

**Directors' Report (continued)
for the year ended 31 December 2019**

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

Post balance sheet events of the group are disclosed in the Strategic Report.

Auditors

The auditors, Hurst Accountants Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Mrs E A Farrall

Director

Date: 17 December 2020

Independent Auditors' Report to the Members of Farralls Transport (Properties) Limited

Opinion

We have audited the financial statements of Farralls Transport (Properties) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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 Group's or the parent 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 included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Farralls Transport (Properties) Limited

Independent Auditors' Report to the Members of Farralls Transport (Properties) Limited (continued)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group 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 Group 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 on page 4, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of Farralls Transport (Properties) Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 Auditors' Report.

Use of our report

This report is made solely to the Company's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members for our audit work, for this report, or for the opinions we have formed.

Helen Besant-Roberts (Senior Statutory Auditor)

for and on behalf of

Hurst Accountants Limited

Chartered Accountants

Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

SK1 1TD

18 December 2020

Farralls Transport (Properties) Limited

**Consolidated Statement of Comprehensive Income
for the year ended 31 December 2019**

	Note	2019 £	2018 £
Turnover	4	9,432,412	9,313,481
Cost of sales		<u>(7,888,062)</u>	<u>(7,760,619)</u>
Gross profit		1,544,350	1,552,862
Administrative expenses		(1,552,901)	(1,349,075)
Other operating income	5	<u>188,599</u>	<u>326,429</u>
Operating profit	6	180,048	530,216
Income from fixed assets investments		75,000	120,000
Interest payable and expenses	11	<u>(142,710)</u>	<u>(155,312)</u>
Profit before taxation		112,338	494,904
Tax on profit	12	<u>(18,452)</u>	<u>(19,608)</u>
Profit for the financial year and total comprehensive income		<u>93,886</u>	<u>475,296</u>
Profit for the year attributable to:			
Owners of the parent Company		<u>93,886</u>	<u>475,296</u>
		<u>93,886</u>	<u>475,296</u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 16 to 38 form part of these financial statements.

Farralls Transport (Properties) Limited
Registered number: 09045535

Consolidated Balance Sheet
as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	6,314,580	5,124,179
Investments	15	1	1
Investment property	16	1,953,268	3,258,635
		<u>8,267,849</u>	<u>8,382,815</u>
Current assets			
Stocks	17	24,472	7,586
Debtors: amounts falling due within one year	18	1,949,626	1,482,637
Cash at bank and in hand	19	6,941	4,404
		<u>1,981,039</u>	<u>1,494,627</u>
Creditors: amounts falling due within one year	20	(3,338,291)	(2,878,573)
Net current liabilities		<u>(1,357,252)</u>	<u>(1,383,946)</u>
Total assets less current liabilities		<u>6,910,597</u>	<u>6,998,869</u>
Creditors: amounts falling due after more than one year	21	(4,333,624)	(4,417,665)
Provisions for liabilities			
Deferred taxation	24	(261,400)	(184,134)
		<u>(261,400)</u>	<u>(184,134)</u>
Net assets		<u><u>2,315,573</u></u>	<u><u>2,397,070</u></u>
Capital and reserves			
Called up share capital	25	20,000	20,000
Revaluation reserve	26	519,196	519,196
Profit and loss account	26	1,776,377	1,857,874
Equity attributable to owners of the parent Company		<u><u>2,315,573</u></u>	<u><u>2,397,070</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M C Farrall
Director

Date: 17 December 2020

M W Farrall
Director

Date: 18 December 2020

The notes on pages 16 to 38 form part of these financial statements.

Farralls Transport (Properties) Limited
Registered number: 09045535

Company Balance Sheet
as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	4,499,894	4,595,359
Investments	15	20,000	20,000
		<u>4,519,894</u>	<u>4,615,359</u>
Current assets			
Cash at bank and in hand	19	1,825	2,835
		<u>1,825</u>	<u>2,835</u>
Creditors: amounts falling due within one year	20	(1,144,909)	(1,130,285)
		<u>(1,143,084)</u>	<u>(1,127,450)</u>
Net current liabilities			
		<u>(1,143,084)</u>	<u>(1,127,450)</u>
Total assets less current liabilities		<u>3,376,810</u>	<u>3,487,909</u>
Creditors: amounts falling due after more than one year	21	(3,059,721)	(3,231,082)
Provisions for liabilities			
Deferred taxation	24	(2,148)	(1,876)
		<u>(2,148)</u>	<u>(1,876)</u>
Net assets		<u>314,941</u>	<u>254,951</u>
Capital and reserves			
Called up share capital	25	20,000	20,000
Revaluation reserve	26	137,461	137,461
Profit and loss account brought forward		97,490	62,917
Profit for the year		235,373	194,065
Dividends paid		<u>(175,383)</u>	<u>(159,492)</u>
Profit and loss account carried forward		<u>157,480</u>	<u>97,490</u>
		<u>314,941</u>	<u>254,951</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M C Farrall
Director

M W Farrall
Director

Date: 17 December 2020

Date: 18 December 2020

The notes on pages 16 to 38 form part of these financial statements.

Farralls Transport (Properties) Limited

**Consolidated Statement of Changes in Equity
for the year ended 31 December 2019**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	20,000	519,196	1,857,874	2,397,070
Comprehensive income for the year				
Profit for the year	-	-	93,886	93,886
Total comprehensive income for the year	-	-	93,886	93,886
Dividends: Equity capital	-	-	(175,383)	(175,383)
Total transactions with owners	-	-	(175,383)	(175,383)
At 31 December 2019	20,000	519,196	1,776,377	2,315,573

The notes on pages 16 to 38 form part of these financial statements.

**Consolidated Statement of Changes in Equity
for the year ended 31 December 2018**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	20,000	519,196	1,542,070	2,081,266
Comprehensive income for the year				
Profit for the year	-	-	475,296	475,296
Total comprehensive income for the year	-	-	475,296	475,296
Dividends: Equity capital	-	-	(159,492)	(159,492)
Total transactions with owners	-	-	(159,492)	(159,492)
At 31 December 2018	20,000	519,196	1,857,874	2,397,070

The notes on pages 16 to 38 form part of these financial statements.

Farralls Transport (Properties) Limited

**Company Statement of Changes in Equity
for the year ended 31 December 2019**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2019	20,000	137,461	97,490	254,951
Comprehensive income for the year				
Profit for the year	-	-	235,373	235,373
Total comprehensive income for the year	-	-	235,373	235,373
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(175,383)	(175,383)
Total transactions with owners	-	-	(175,383)	(175,383)
At 31 December 2019	20,000	137,461	157,480	314,941

The notes on pages 16 to 38 form part of these financial statements.

**Company Statement of Changes in Equity
for the year ended 31 December 2018**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2018	20,000	137,461	62,917	220,378
Comprehensive income for the year				
Profit for the year	-	-	194,065	194,065
Total comprehensive income for the year	-	-	194,065	194,065
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(159,492)	(159,492)
Total transactions with owners	-	-	(159,492)	(159,492)
At 31 December 2018	20,000	137,461	97,490	254,951

The notes on pages 16 to 38 form part of these financial statements.

Farralls Transport (Properties) Limited

**Consolidated Statement of Cash Flows
for the year ended 31 December 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	93,886	475,296
Adjustments for:		
Depreciation of tangible assets	808,205	602,602
Loss on disposal of tangible assets	814	19,993
Interest paid	142,710	155,312
Taxation charge	18,452	19,608
(Increase) in stocks	(16,886)	(2,684)
(Increase) in debtors	(470,305)	(74,704)
Decrease/(increase) in amounts owed by joint ventures	151,039	(14,034)
Increase/(decrease) in creditors	201,103	(509,596)
Corporation tax (paid)	(47,787)	(25,595)
Dividends received	(75,000)	(120,000)
Net cash generated from operating activities	806,231	526,198
Cash flows from investing activities		
Purchase of tangible fixed assets	(165,266)	(58,231)
Sale of tangible fixed assets	15,300	49,000
HP interest paid	(43,172)	(58,114)
Dividends received	75,000	120,000
Net cash from investing activities	(118,138)	52,655
Cash flows from financing activities		
Repayment of loans	(160,002)	(182,910)
Repayment of/new finance leases	(565,192)	(289,547)
Movements on invoice discounting	519,504	(92,395)
Dividends paid	(175,383)	(159,492)
Interest paid	(99,538)	(97,198)
Net cash used in financing activities	(480,611)	(821,542)
Net increase/(decrease) in cash and cash equivalents	207,482	(242,689)
Cash and cash equivalents at beginning of year	(410,871)	(168,182)
Cash and cash equivalents at the end of year	(203,389)	(410,871)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,941	4,404
Bank overdrafts	(210,330)	(415,275)
	(203,389)	(410,871)

Farralls Transport (Properties) Limited

**Consolidated Analysis of Net Debt
for the year ended 31 December 2019**

	At 1 January 2019 £	Cash flows £	New finance leases £	At 31 December 2019 £
Cash at bank and in hand	4,404	2,537	-	6,941
Bank overdrafts	(415,275)	204,945	-	(210,330)
Debt due after 1 year	(3,231,082)	171,361	-	(3,059,721)
Debt due within 1 year	(240,951)	(41,791)	-	(282,742)
Finance leases	(1,830,905)	565,192	(544,087)	(1,809,800)
Invoice discounting	(462,972)	(519,504)	-	(982,476)
	<u>(6,176,781)</u>	<u>382,740</u>	<u>(544,087)</u>	<u>(6,338,128)</u>

The notes on pages 16 to 38 form part of these financial statements.

Farralls Transport (Properties) Limited

Notes to the Financial Statements for the year ended 31 December 2019

1. General information

Farralls Transport (Properties) Limited is a private company limited by members capital incorporated in England. The address of the registered office and principal place of business is Unit 2, Second Avenue, Deeside Industrial Park, Deeside, Clwyd, CH5 2NX. The company's registered number is 09045535.

The principal activity of the group was that of the provision of contract distribution, general haulage and pallet network operations for a variety of industries.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirement of Section 7 Statement of Cash Flows
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17 (d).

2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

**Notes to the Financial Statements
for the year ended 31 December 2019**

2. Accounting policies (continued)

2.4 Post balance sheet events and going concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis on which the directors have reached their conclusion.

The group has net current liabilities of £1,357,252 but is in a strong net asset position, with net assets totalling £2,315,573. The company has net current liabilities of £1,143,084 but is in a strong net asset position, with net assets totalling £314,941.

The Covid-19 pandemic after the year end has impacted the majority of UK businesses. Following the implementation of lockdown restrictions by the UK Government on 23 March 2020, the directors carried out a number of immediate actions including utilisation of the Coronavirus Job Retention Scheme scheme for some employees and making arrangements with HMRC to defer relevant payments.

Since the balance sheet date, the Board has focused on allocating resources appropriately to fulfil changing demands as a result of market fluctuations caused by the Covid-19 pandemic. As a result, the Group has continued to trade profitably and the Board believes that, with this continued focus on resourcing, the Group will meet its day-to-day working capital requirements from positive operating cash flows. To this end, the profitability and liquidity of the Group is forecast to remain consistent through to December 2021.

The directors believe it is appropriate, therefore, to prepare the financial statements to 31 December 2019 on a going concern basis and the Group and Company will remain solvent in the twelve months after the date of approval of the financial statements.

**Notes to the Financial Statements
for the year ended 31 December 2019**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the Group as lessor

Rentals income from operating leases is credited to the Consolidated Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**Notes to the Financial Statements
for the year ended 31 December 2019**

2. Accounting policies (continued)

2.8 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.9 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**Notes to the Financial Statements
for the year ended 31 December 2019**

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements
for the year ended 31 December 2019**

2. Accounting policies (continued)

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Land and buildings	-	2% straight line
Leasehold improvements	-	5% straight line
Plant and machinery	-	25% reducing balance and 10% straight line
Commercial vehicles	-	20% reducing balance
Computer equipment	-	25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.14 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.15 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in shares are measured at cost less accumulated impairment.

**Notes to the Financial Statements
for the year ended 31 December 2019**

2. Accounting policies (continued)

2.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.18 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.20 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**Notes to the Financial Statements
for the year ended 31 December 2019**

2. Accounting policies (continued)

2.22 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2.23 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Provision for impairment loss on trade debtors

Management exercises judgement in providing for impairment losses on trade debtors. At the year end, trade debtors totalled £1,588,009 (2018: £1,221,977).

Other estimates and judgements

Management also exercises judgement in estimating the useful life of tangible fixed assets. At the year end, the net book value of fixed assets totalled £6,314,580 (2018: £5,124,179).

Farralls Transport (Properties) Limited

Notes to the Financial Statements for the year ended 31 December 2019

4. Turnover

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

	2019 £	2018 £
General haulage and warehousing	9,382,614	9,313,481
Electrical repairs	49,798	-
	<u>9,432,412</u>	<u>9,313,481</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2019 £	2018 £
Net rents receivable	<u>188,599</u>	<u>326,429</u>

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	808,205	602,602
Loss on disposal of fixed assets	814	19,993
Operating lease rentals	<u>55,559</u>	<u>260,175</u>

7. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>13,500</u>	<u>13,500</u>

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

Taxation compliance services	1,900	1,900
All other services	<u>11,250</u>	<u>10,750</u>
	<u>13,150</u>	<u>12,650</u>

Farralls Transport (Properties) Limited

**Notes to the Financial Statements
for the year ended 31 December 2019**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £	<i>Group 2018 £</i>
Wages and salaries	2,422,040	<i>1,958,220</i>
Social security costs	236,672	<i>208,057</i>
Cost of defined contribution scheme	69,346	<i>106,891</i>
	<u>2,728,058</u>	<i><u>2,273,168</u></i>

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

	2019 No.	<i>2018 No.</i>
Drivers	57	<i>50</i>
Administration	15	<i>15</i>
Warehouse	3	<i>3</i>
Technicians	3	<i>3</i>
Management	6	<i>6</i>
Directors	5	<i>5</i>
	<u>89</u>	<i><u>82</u></i>

9. Directors' remuneration

	2019 £	<i>2018 £</i>
Directors' emoluments	32,928	<i>33,712</i>
Company contributions to defined contribution pension schemes	-	<i>71,005</i>
	<u>32,928</u>	<i><u>104,717</u></i>

During the year retirement benefits were accruing to no directors (2018 -3) in respect of defined contribution pension schemes.

Farralls Transport (Properties) Limited

**Notes to the Financial Statements
for the year ended 31 December 2019**

10. Income from investments

	2019 £	2018 £
Dividends received from unlisted investments	<u>75,000</u>	<u>120,000</u>

11. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	99,538	97,198
Finance leases and hire purchase contracts	43,172	58,114
	<u>142,710</u>	<u>155,312</u>

12. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	(23,445)	56,166
Adjustments in respect of previous periods	(35,369)	(22,476)
Total current tax	<u>(58,814)</u>	<u>33,690</u>
Deferred tax		
Origination and reversal of timing differences	77,266	(14,082)
Total deferred tax	<u>77,266</u>	<u>(14,082)</u>
Taxation on profit on ordinary activities	<u>18,452</u>	<u>19,608</u>

Farralls Transport (Properties) Limited

**Notes to the Financial Statements
for the year ended 31 December 2019**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 -lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>112,338</u>	<u>494,904</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 -19%)	21,344	94,032
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,616	123
Ineligible depreciation	14,037	9,085
Adjustments to tax charge in respect of prior periods	(35,369)	(22,476)
Non-taxable income	(14,250)	(22,800)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(18,249)	(18,571)
Change in tax rate	21,663	(21,722)
Other differences leading to an increase (decrease) in the tax charge	697	1,937
Utilisation of tax losses	26,963	-
Total tax charge for the year	<u>18,452</u>	<u>19,608</u>

Factors that may affect future tax charges

There are currently no factors that may affect future tax charges.

13. Dividends

	2019 £	2018 £
Ordinary dividends	<u>175,383</u>	<u>159,492</u>

Farralls Transport (Properties) Limited

**Notes to the Financial Statements
for the year ended 31 December 2019**

14. Tangible fixed assets

Group

	Land and buildings	Leasehold improvements	Plant and machinery	Commercial vehicles	Computer equipment	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 January 2019	2,197,554	99,489	1,254,736	5,569,120	-	9,120,899
Additions	-	-	237,513	422,460	49,380	709,353
Disposals	-	-	-	(130,534)	-	(130,534)
Transfers between classes	1,305,367	-	-	-	-	1,305,367
At 31 December 2019	<u>3,502,921</u>	<u>99,489</u>	<u>1,492,249</u>	<u>5,861,046</u>	<u>49,380</u>	<u>11,005,085</u>
Depreciation						
At 1 January 2019	107,944	30,425	758,170	3,100,181	-	3,996,720
Charge for the year	66,679	5,710	145,561	589,549	706	808,205
Disposals	-	-	-	(114,420)	-	(114,420)
At 31 December 2019	<u>174,623</u>	<u>36,135</u>	<u>903,731</u>	<u>3,575,310</u>	<u>706</u>	<u>4,690,505</u>
Net book value						
At 31 December 2019	<u>3,328,298</u>	<u>63,354</u>	<u>588,518</u>	<u>2,285,736</u>	<u>48,674</u>	<u>6,314,580</u>
<i>At 31 December 2018</i>	<u>2,089,510</u>	<u>69,064</u>	<u>496,566</u>	<u>2,468,939</u>	<u>-</u>	<u>5,124,179</u>

Included in cost or valuation of land and buildings is freehold land of £169,000 (2018: £169,000) which is not depreciated.

A transfer of assets occurred whereby an investment property was transferred at cost to fixed assets, as it was rented to a group entity rather than an external party.

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

	2019	2018
	£	£
Plant and machinery	380,746	275,087
Motor vehicles	1,778,403	1,855,932
	<u>2,159,149</u>	<u>2,131,019</u>

Farralls Transport (Properties) Limited

**Notes to the Financial Statements
for the year ended 31 December 2019**

14. Tangible fixed assets (continued)

If freehold land and buildings had not been revalued they would have been included at the following:

	2019 £	2018 £
Cost	3,262,237	1,986,695
Accumulated depreciation	(583,740)	(408,139)
Net book value	<u>2,678,497</u>	<u>1,578,556</u>

Freehold land and buildings were valued on an open market basis on 7 February 2017 by R Moreton MRICS. The directors believe that there has not been a material change in the value of these assets between the valuation date and the year end.

Company

	Land and buildings £
Cost or valuation	
At 1 January 2019	4,773,268
At 31 December 2019	<u>4,773,268</u>
Depreciation	
At 1 January 2019	177,909
Charge for the year	95,465
At 31 December 2019	<u>273,374</u>
Net book value	
At 31 December 2019	<u><u>4,499,894</u></u>
<i>At 31 December 2018</i>	<u><u>4,595,359</u></u>

Farralls Transport (Properties) Limited

**Notes to the Financial Statements
for the year ended 31 December 2019**

14. Tangible fixed assets (continued)

If freehold land and buildings had not been revalued they would have been included at the following:

	2019 £	2018 £
Cost	4,708,836	4,708,836
Accumulated depreciation	(397,690)	(303,513)
	<u>4,311,146</u>	<u>4,405,323</u>

Freehold land and buildings were valued on an open market basis on 7 February 2017 by R Moreton MRICS. The directors believe that there has not been a material change in the value of these assets between the valuation date and the year end.

15. Fixed asset investments

Group

	Other fixed asset investments £
Cost or valuation	
At 1 January 2019	<u>1</u>
At 31 December 2019	<u><u>1</u></u>

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	<u>20,000</u>
At 31 December 2019	<u><u>20,000</u></u>

Farralls Transport (Properties) Limited

Notes to the Financial Statements for the year ended 31 December 2019

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Edwin C. Farrall (Transport) Limited	Ashton Lane, Ashton, Chester, CH3 8AA	Haulage and storage	Ordinary	100 %

16. Investment property

Group

	Freehold investment property £
Valuation	
At 1 January 2019	3,258,635
Transfers between classes	(1,305,367)
At 31 December 2019	1,953,268

The valuations were made by R Moreton MRICS on 7 February 2017 on an open market value for existing use basis. The directors believe that there has not been a material change in the value of these assets between the valuation date and the current year end.

A transfer of assets occurred whereby an investment property was transferred at cost to fixed assets, as it was rented to a group entity rather than an external party.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2019 £	2018 £
Historic cost	1,953,268	3,228,810
Accumulated depreciation and impairments	(104,174)	(175,465)
	1,849,094	3,053,345

Farralls Transport (Properties) Limited

**Notes to the Financial Statements
for the year ended 31 December 2019**

17. Stocks

	Group 2019 £	<i>Group 2018 £</i>
Fuel	19,610	7,586
Vehicle parts	4,862	-
	<u>24,472</u>	<u>7,586</u>

Stock recognised in cost of sales during the year as an expense was £2,194,903 (2018: £2,099,153).

No impairment loss was recognised in cost of sales against stock during the current year or prior year.

18. Debtors

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Trade debtors	1,588,009	1,221,977	-	-
Amounts owed by joint ventures and associated undertakings	104,942	158,666	-	-
Other debtors	63,600	-	-	-
Prepayments and accrued income	193,075	101,994	-	-
	<u>1,949,626</u>	<u>1,482,637</u>	<u>-</u>	<u>-</u>

An impairment against trade debtors of £987 (2018: £nil) was recognised in the year.

19. Cash and cash equivalents

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Cash at bank and in hand	6,941	4,404	1,825	2,835
Less: bank overdrafts	(210,330)	(415,275)	-	-
	<u>(203,389)</u>	<u>(410,871)</u>	<u>1,825</u>	<u>2,835</u>

Farralls Transport (Properties) Limited

**Notes to the Financial Statements
for the year ended 31 December 2019**

20. Creditors: Amounts falling due within one year

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Bank overdrafts	210,330	<i>415,275</i>	-	-
Bank loans	164,140	<i>152,781</i>	164,140	<i>152,781</i>
Trade creditors	732,417	<i>821,657</i>	-	-
Amounts owed to group undertakings	-	-	823,261	<i>837,480</i>
Amounts owed to joint ventures and associated undertakings	99,533	<i>2,218</i>	-	-
Corporation tax	4	<i>56,197</i>	4	<i>30,306</i>
Other taxation and social security	292,260	<i>143,503</i>	13,130	<i>9,622</i>
Obligations under finance lease and hire purchase contracts	535,897	<i>644,322</i>	-	-
Proceeds of factored debts	982,476	<i>462,972</i>	-	-
Other creditors	197,248	<i>145,102</i>	144,374	<i>100,096</i>
Accruals and deferred income	123,986	<i>34,546</i>	-	-
	<u>3,338,291</u>	<i><u>2,878,573</u></i>	<u>1,144,909</u>	<i><u>1,130,285</u></i>

Bank loans and overdrafts are secured by way of a first mortgage over the freehold property owned by the group, together with fixed and floating charges over the assets and undertakings both present and future.

Hire purchase contracts are secured on the assets to which they relate.

Proceeds of factored debts are secured on the book debts to which they relate.

Farralls Transport (Properties) Limited

**Notes to the Financial Statements
for the year ended 31 December 2019**

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

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Bank loans	3,059,721	3,231,082	3,059,721	3,231,082
Net obligations under finance leases and hire purchase contracts	1,273,903	1,186,583	-	-
	<u>4,333,624</u>	<u>4,417,665</u>	<u>3,059,721</u>	<u>3,231,082</u>

Bank loans are secured by way of a first mortgage over the freehold property owned by the group, together with fixed and floating charges over the assets and undertakings both present and future.

Hire purchase contracts are secured on the assets to which they relate.

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Repayable by instalments	<u>2,514,881</u>	<u>2,559,082</u>	<u>2,356,804</u>	<u>2,559,082</u>

Repayments totalling £158,077 are in respect of a number of hire purchase agreements, which are repayable on a monthly basis with interest rates ranging from 2% to 4%.

Repayments totalling £2,356,804 are in respect of mortgage agreement, which are repayable on a monthly basis with interest rates of 1.95% above the Bank of England Base Rate as published from time to time.

Farralls Transport (Properties) Limited

**Notes to the Financial Statements
for the year ended 31 December 2019**

22. Loans

An analysis of the maturity of loans is as follows:

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Amounts falling due within one year				
Bank loans	164,140	<i>152,781</i>	164,140	<i>152,781</i>
Amounts falling due 1-2 years				
Bank loans	168,685	<i>161,472</i>	168,685	<i>161,472</i>
Amounts falling due 2-5 years				
Bank loans	534,232	<i>510,528</i>	534,232	<i>510,528</i>
Amounts falling due after more than 5 years				
Bank loans	2,356,804	<i>2,559,082</i>	2,356,804	<i>2,559,082</i>
	<u>3,223,861</u>	<i><u>3,383,863</u></i>	<u>3,223,861</u>	<i><u>3,383,863</u></i>

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £	<i>Group 2018 £</i>
Within one year	535,897	<i>644,322</i>
Between 1-5 years	1,115,826	<i>1,186,583</i>
Over 5 years	158,077	<i>-</i>
	<u>1,809,800</u>	<i><u>1,830,905</u></i>

Farralls Transport (Properties) Limited

**Notes to the Financial Statements
for the year ended 31 December 2019**

24. Deferred taxation

Group

	2019	<i>2018</i>
	£	<i>£</i>
At beginning of year	184,134	<i>198,216</i>
Charged to profit or loss	77,266	<i>(14,082)</i>
At end of year	<u>261,400</u>	<i><u>184,134</u></i>

Company

	2019	<i>2018</i>
	£	<i>£</i>
At beginning of year	1,876	<i>2,021</i>
Charged to profit or loss	272	<i>(145)</i>
At end of year	<u>2,148</u>	<i><u>1,876</u></i>

	Group	<i>Group</i>	Company	<i>Company</i>
	2019	<i>2018</i>	2019	<i>2018</i>
	£	<i>£</i>	£	<i>£</i>
Accelerated capital allowances	264,068	<i>185,664</i>	2,148	<i>1,876</i>
Other timing differences	(2,668)	<i>(1,530)</i>	-	<i>-</i>
	<u>261,400</u>	<i><u>184,134</u></i>	<u>2,148</u>	<i><u>1,876</u></i>

Farralls Transport (Properties) Limited

**Notes to the Financial Statements
for the year ended 31 December 2019**

25. Share capital

	2019	<i>2018</i>
	£	<i>£</i>
Allotted, called up and fully paid		
20,000 (2018: 20,000) Ordinary shares of £1.00 each	<u>20,000</u>	<u><i>20,000</i></u>

26. Reserves

Revaluation reserve

The revaluation reserve includes all revaluation surpluses and deficits on the revaluation of property plant and equipment.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

27. Contingent liabilities

There is an inter-company composite bank guarantee between Farralls Transport (Properties) Limited and Edwin C. Farrall (Transport) Limited. At the year end Edwin C. Farrall (Transport) Limited had bank borrowings totalling £1,192,806 (2018: £877,892).

28. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £69,346 (2018: £106,891). As at 31 December 2019, there were outstanding contributions amounting to £14,045 (2018: £9,002).

29. Commitments under operating leases

At 31 December 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group	<i>Group</i>
	2019	<i>2018</i>
	£	<i>£</i>
Other operating leases		
Not later than 1 year	32,826	<i>14,205</i>
Later than 1 year and not later than 5 years	111,825	<i>3,006</i>
	<u>144,651</u>	<u><i>17,211</i></u>

The Company had no commitments under non-cancellable operating leases as at the balance sheet date.

Farralls Transport (Properties) Limited

Notes to the Financial Statements for the year ended 31 December 2019

30. Operating lease receivables

At 31 December 2019 the Group had future minimum lease receivables under non-cancellable operating leases as follows:

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Land and buildings				
Not later than 1 year	189,125	<i>189,125</i>	114,324	<i>114,324</i>
Later than 1 year and not later than 5 years	756,500	<i>756,500</i>	457,296	<i>457,296</i>
Later than 5 years	110,323	<i>299,448</i>	66,689	<i>171,486</i>
	<u>1,055,948</u>	<i><u>1,245,073</u></i>	<u>638,309</u>	<i><u>743,106</u></i>

31. Related party transactions

During the year, total dividends of £175,383 (2018: £159,492) were paid to the directors.

Edwin C. Farrall (Transport) Limited owns 50% of the shares in a joint venture. During the year, net sales of £1,461,236 (2018: £1,461,594) were made to the joint venture by the Group. The Group also purchased goods and services from the joint venture to the value of £nil (2018: £1,730). In addition to this, dividends of £75,000 (2018: £120,000) were received from the joint venture. The joint venture made Edwin C. Farrall a loan of £97,272 during the year, which remains outstanding as at 31 December 2019 and is held within "amounts owed to joint ventures and associated undertakings". It has been deemed appropriate not to charge interest on this loan as a larger debtor balance relating to trading transactions with the same entity exists and is held in "amounts owed by joint ventures and associated undertakings". At 31 December 2019, this debtor balance is £104,942 (2018: £nil).

Another company owns the remaining 50% of the shares in the joint venture. During the year sales of £6,565 (2018: £2,136) were made to the other owner of the joint venture by the Group. The Group also purchased goods and services from the other joint venture company to the value of £25,087 (2018: £9,545). At 31 December 2019, the balance owed by the Group to the other joint venture company amounted to £2,261 (2018: £2,218).

During the year, two directors of the company invoiced the company for rent and services in relation to land owned by them personally. The total amount invoiced in the year was £12,000 (2018: £12,000). At the year end, the balance owed by the Company to the two directors totalled £nil (2018: £nil).

During the year, a total of key management personnel compensation of £247,448 (2018: £196,504) was paid.

At 31 December 2019, £116,602 (2018: £88,170) was owed to the directors of the Company.

32. Controlling party

The group is under the ultimate control of M C Farrall, M W Farrall and Mrs E A Farrall who own equal shares in Farralls Transport (Properties) Limited.

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.