

Registered number: 04164708

G K R LOGISTICS LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2019

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G K R LOGISTICS LIMITED

COMPANY INFORMATION

Directors

G Rowswell
L Rowswell
N Rowswell

Registered number

04164708

Registered office

94a High Street
Sevenoaks
Kent
TN13 1LP

Independent auditors

Creaseys Group Limited
Chartered Accountants and Statutory Auditors
Brockbourne House
77 Mount Ephraim
Tunbridge Wells
Kent
TN4 8BS

Accountants

Thain Osborne & Co
Chartered Accountants
94a High Stret
Sevenoaks
Kent
TN13 1LP

G K R LOGISTICS LIMITED

CONTENTS

	Page
Group strategic report	1 - 3
Directors' report	4 - 5
Independent auditors' report	6 - 8
Consolidated statement of income and retained earnings	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated Statement of cash flows	12 - 13
Notes to the financial statements	14 - 30

G K R LOGISTICS LIMITED

GROUP STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2019

Introduction

The directors present their Group strategic report and the financial statements for the year ended 31 October 2019.

Business review

The previous year saw the completion of several significant long term contracts. In the year ended 31st October 2019, sales decreased by 18%, which was an improvement on the 20% predicted and is considered to be a sustainable basis. Gross profit margins increased slightly and the group made a profit after tax of £2,698,512 (2018 - £4,524,157).

The portfolio of investment properties increased in the year to £6.3m (2018 - £3.9m), by acquiring additional space at its central London location. This generates rental income in the medium term and can potentially provide additional facilities for the group long term.

The balance sheet remains strong with £19.8m of net assets and £4.7m of cash at bank. The directors are satisfied with the results.

Principal risks and uncertainties

Risks are defined as issues that affect the achievement of business objectives or the reputation of the group. Regular review of risks and actions to address risks takes place at all levels of the Group.

The group faces some general risks and uncertainties related to significant external events such as continued economic stagnation, the ongoing uncertainty around the long term impact of Brexit on construction within the London region and the impact of the Coronavirus on the workforce.

Commercial Risks:

The principal commercial risk facing the business arise from non-payment of work completed, due to companies going into liquidation. Vigorous checks are carried out on new contracts and there is a policy to only tender for work with larger established Contractors.

The group is highly concerned about the health and safety of its employees and its reputation in the industry. It actively encourages staff to complete outside training schemes appropriate to their situation, as well as operating regular internal courses.

The group continues to abide by all areas of legislation and engages outside professionals, where appropriate, in order to mitigate the risks.

G K R LOGISTICS LIMITED

GROUP STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

Financial Risks:

The major financial risk is maintaining margins whilst containing operating costs. All sales are to UK customers and all suppliers are UK based: the Group has therefore not entered into any hedging arrangements in respect of risks relating to trade debtors or trade creditors.

New customers are assessed for credit risks and credit limits apply where necessary. The Group is fortunate in that it has no long term commitments for the supply of labour or distribution and can access a pool of skilled unemployed labour as activity increases.

All risks are constantly monitored and appropriate action is taken where necessary. Cash flow is monitored daily and professional staff are employed to ensure that new legislation is complied with.

COVID-19:

G K R Scaffolding have been working vigilantly with all relevant government and industry guidance to ensure the safety of our employees whilst at work and travelling to and from work. G K R Scaffolding are also members of Build UK who keep us updated with all of the latest guidance relevant to the Construction Industry. Our Health and Safety officer, Peter Cullen was selected to be part of a group of six that was responsible for drafting the Site Operating Procedures - Protecting Your Workforce During Coronavirus (COVID-19) for the Construction Sector (SOP).

Using guidance from the SOP, we developed our own electronic audit tool to assess the COVID-19 control measures implemented by our clients on the live projects we were working on. This was carried out prior to any of our employees returning to work on the projects to ensure they were working in a safe environment as detailed within the SOP. G K R also assessed our working methods for scaffolding tasks and provided additional methodology guidance and risk assessments to ensure all of our works could be carried out whilst adhering to social distancing guidance. This has been continually monitored through inspections and audits.

Our People Operations team have continually issued relevant guidance to all employees to ensure that they are kept up to date. These communications include guidance on travel, isolation etc.

Development and performance

The group continues to enjoy a strong presence in the marketplace and the order book for the new financial year is strong although, the directors' consider the impact of COVID-19 will lead to a reduced level of activity in 2020.

The group is in a healthy position to take advantage of any improvement in the economic environment.

Financial key performance indicators

Key performance indicators for the Group are turnover and gross margins which are regularly reported on and reviewed.

	2019	2018
	£	£
Turnover	31,051,166	37,782,023
Gross profit margin	38.7%	37.7%

G K R LOGISTICS LIMITED
GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

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


.....
N Rowswell
Director

Date: 29/07/20.

G K R LOGISTICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present their report and the financial statements for the year ended 31 October 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

Results and dividends

The profit for the year, after taxation, amounted to £2,617,511 (2018 - £4,524,157).

The directors paid an ordinary dividend of £6,363 (2018: £5,757) per ordinary 'A' share, an ordinary dividend of £31,000 (2018: £22,000) per ordinary 'B' share in the period, and an ordinary dividend of £63,000 (2018: £Nil) per 'ordinary 'C' share.

Directors

The directors who served during the year were:

G Rowswell
L Rowswell
N Rowswell

Employee involvement

The Group uses a bespoke Integrated Management System in order to communicate to all employees across the company, for which all employees have personal login details and inboxes. This includes access to Group documents such as policies and handbooks.

Further communication is achieved via regular meetings and site tool box talks with Management, operatives and non-operatives.

G K R LOGISTICS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

Disclosure of information to auditors

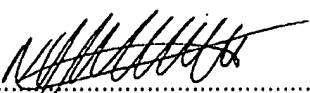
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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

There have been no significant events affecting the Group since the year end.

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


.....
N Rowsell
Director

Date: 29/07/20.

G K R LOGISTICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G K R LOGISTICS LIMITED

Opinion

We have audited the financial statements of G K R Logistics Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 October 2019, which comprise the Group Statement of income and retained earnings, the Group and Company Balance sheets, the Group Statement of cash flows 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 October 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 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.

G K R LOGISTICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G K R LOGISTICS LIMITED (CONTINUED)

Emphasis of matter

We draw your attention to note 2.3 in the financial statements, which outlines the directors' assessment of going concern and considers the impact of COVID-19. As stated in note 2.3, the directors have concluded that it is appropriate to prepare these financial statements on a going concern basis and have not identified any material uncertainties in this respect. Our opinion is not modified in respect of this matter.

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.

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.

G K R LOGISTICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G K R LOGISTICS LIMITED (CONTINUED)

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.

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.

Creaseys Group Limited

James Pearce BA (Hons) FCA (Senior statutory auditor)

for and on behalf of

Creaseys Group Limited

Chartered Accountants and Statutory Auditors

Brockbourne House
77 Mount Ephraim
Tunbridge Wells
Kent
TN4 8BS

Date: *29/07/20.*

G K R LOGISTICS LIMITED

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 OCTOBER 2019

	Note	2019 £	2018 £
Turnover	4	31,051,166	37,782,023
Cost of sales		(18,952,580)	(23,522,832)
Gross profit		<u>12,098,586</u>	<u>14,259,191</u>
Distribution costs		(615,403)	(600,119)
Administrative expenses		(7,929,461)	(8,062,625)
Loss from changes in fair value of investment property		(100,000)	-
Operating profit	5	<u>3,453,722</u>	<u>5,596,447</u>
Interest receivable and similar income	9	23,637	12,953
Interest payable and expenses	10	(97,114)	(31,500)
Profit before tax		<u>3,380,245</u>	<u>5,577,900</u>
Tax on profit	11	(762,734)	(1,053,743)
Profit after tax		<u><u>2,617,511</u></u>	<u><u>4,524,157</u></u>
Retained earnings at the beginning of the year		19,310,925	16,108,789
		<u>19,310,925</u>	<u>16,108,789</u>
Profit for the year attributable to the owners of the parent		2,617,511	4,524,157
Dividends declared and paid		(1,537,550)	(1,322,021)
Retained earnings at the end of the year		<u><u>20,390,886</u></u>	<u><u>19,310,925</u></u>

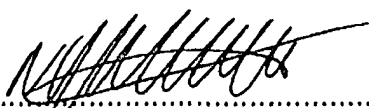
The notes on pages 14 to 30 form part of these financial statements.

G K R LOGISTICS LIMITED
REGISTERED NUMBER:04164708

CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible fixed assets	12	10,090,378	10,341,025
Investment property	14	2,297,250	-
		<u>12,387,628</u>	<u>10,341,025</u>
Current assets			
Stocks	15	2,090	725
Debtors	16	9,546,801	9,450,098
Cash at bank and in hand		4,729,100	4,663,103
		<u>14,277,991</u>	<u>14,113,926</u>
Creditors: amounts falling due within one year	17	(3,407,443)	(3,756,741)
Net current assets		<u>10,870,548</u>	<u>10,357,185</u>
Total assets less current liabilities		<u>23,258,176</u>	<u>20,698,210</u>
Creditors: amounts falling due after more than one year	18	(2,867,065)	(1,387,061)
Provisions for liabilities			
Net assets		<u><u>20,391,111</u></u>	<u><u>19,311,149</u></u>
Capital and reserves			
Called up share capital	22	225	224
Profit and loss account	24	20,390,886	19,310,925
		<u><u>20,391,111</u></u>	<u><u>19,311,149</u></u>

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



N Rowswell
 Director

Date: 29/07/20.

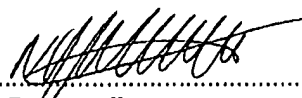
The notes on pages 14 to 30 form part of these financial statements.

G K R LOGISTICS LIMITED
REGISTERED NUMBER:04164708

COMPANY BALANCE SHEET
AS AT 31 OCTOBER 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	13	1,800,336	1,800,336
Current assets			
Cash at bank and in hand	7	7	
Creditors: amounts falling due within one year	17	(4)	(5)
Net current assets		3	2
Total assets less current liabilities		1,800,339	1,800,338
Net assets		1,800,339	1,800,338
Capital and reserves			
Called up share capital	22	225	224
Profit and loss account	24	1,800,114	1,800,114
		1,800,339	1,800,338

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



N Rowsell
 Director

Date: 29/07/20.

The notes on pages 14 to 30 form part of these financial statements.

G K R LOGISTICS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	2,617,511	4,524,157
Adjustments for:		
Depreciation of tangible assets	3,046,934	2,717,132
Loss on disposal of tangible assets	(138,560)	(98,058)
Interest paid	97,114	31,500
Interest received	(23,637)	(12,953)
Taxation charge	762,734	1,053,743
(Increase)/decrease in stocks	(1,365)	2,625
Decrease/(increase) in debtors	620,208	(1,247,439)
(Decrease)/increase in creditors	(434,404)	29,640
Net fair value losses recognised in P&L	100,000	-
Corporation tax (paid)	(1,482,701)	(773,795)
Net cash generated from operating activities	<u>5,163,834</u>	<u>6,226,552</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,800,325)	(6,609,673)
Sale of tangible fixed assets	142,597	102,214
Purchase of investment properties	(2,397,250)	-
Interest received	23,637	12,953
Net cash from investing activities	<u>(5,031,341)</u>	<u>(6,494,506)</u>

G K R LOGISTICS LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**
FOR THE YEAR ENDED 31 OCTOBER 2019

	2019 £	2018 £
Cash flows from financing activities		
Issue of ordinary shares	1	-
New secured loans	1,505,571	1,476,669
Repayment of/new finance leases	62,596	-
Dividends paid	(1,537,550)	(1,322,021)
Interest paid	(97,114)	(31,500)
Repayment of/new finance leases	-	(6,698)
Net cash used in financing activities	(66,496)	116,450
Net increase/(decrease) in cash and cash equivalents	65,997	(151,504)
Cash and cash equivalents at beginning of year	4,663,103	4,814,607
Cash and cash equivalents at the end of year	4,729,100	4,663,103
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,729,100	4,663,103
	4,729,100	4,663,103

The notes on pages 14 to 30 form part of these financial statements.

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

1. General information

G K R Logistics Limited is a private company, limited by shares, which is registered and domiciled in England and Wales. The registered office is 94a High Street, Sevenoaks, Kent, TN13 1LP. The principal place of business is Independent House, Arnolde Close, Medway City Estate, Rochester, Kent, ME2 4QW. The principal activity of the Company is that of a holding company.

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 financial statements are presented in pounds sterling and are rounded to the nearest £1.

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 Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements.

The following principal accounting policies have been applied:

2.2 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.

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

2. Accounting policies (continued)

2.3 Going concern

The directors have considered the impact of the coronavirus (COVID-19) in preparing the financial statements. The directors have also adopted initiatives to mitigate the impact of the pandemic on the business. Having taken into account all available information about the Group's trading prospects and cash flow requirements for 12 months from the date of approval of the financial statements, the directors consider that the group is a going concern.

G K R Scaffolding have been working vigilantly with all relevant government and industry guidance to ensure the safety of our employees whilst at work and travelling to and from work. G K R Scaffolding are also members of Build UK who keep up us updated with all of the latest guidance relevant to the Construction Industry. Our Health and Safety officer, Peter Cullen was selected to be part of a group of six that was responsible for drafting the Site Operating Procedures - Protecting Your Workforce During Coronavirus (Covid-19) for the Construction Sector (SOP).

Using guidance from the SOP, we developed our own electronic audit tool to assess the COVID-19 control measures implemented by our clients on the live projects we were working on. This was carried out prior to any of our employees returning to work on the projects to ensure they were working in a safe environment as detailed within the SOP. G K R also assessed our working methods for scaffolding tasks and provided additional methodology guidance and risk assessments to ensure all of our works could be carried out whilst adhering to social distancing guidance. This has been continually monitored through inspections and audits.

Our People Operations team have continually issued relevant guidance to all employees to ensure that they are kept up to date. These communications include guidance on travel, isolation etc.

Furthermore, G K R are employing a salary reduction scheme to reduce staff overheads monitored against revenue targets and have increased financial communication with operational staff relating to productivity on sites to further control costs.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding trade discounts, rebates, value added tax, and other sales taxes. Turnover comprises revenue recognised by the Group in respect of services relating to the erection and dismantling of scaffolding.

G K R LOGISTICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019

2. Accounting policies (continued)

2.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land and buildings. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives.

Depreciation is provided on the following basis:

Plant and machinery	-	20% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	33% reducing balance

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Operating leases: the Group as lessor

Rentals income from operating leases is credited to the Consolidated statement of income and retained earnings on a straight line basis over the term of the relevant lease.

2.8 Operating leases

Rentals under operating leases and hire purchase agreements are charged to the profit and loss account 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.

2.9 Interest income

Interest income is recognised in the Consolidated statement of income and retained earnings using the effective interest method.

2.10 Stocks

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

2.11 Finance costs

Finance costs are charged to the Consolidated statement of income and retained earnings 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.

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of income and retained earnings, 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.13 Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.15 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 and loans from banks.

2.16 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.

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

In the application of the Group's accounting policies, which are described in Note 2, the directors are required to make judgements, estimates and assumptions which affect the reported amounts of assets, liabilities, revenues and expenses. The directors base their judgements, estimates and assumptions on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different judgements or assumptions.

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

4. Turnover

The whole of the turnover for the Group is attributable to its principal activity of scaffold supplies.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Other operating lease rentals	137,276	171,749

6. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	22,400	22,400

7. Employees

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	13,579,810	16,983,774	-	-
Social security costs	1,541,047	1,936,480	-	-
Cost of defined contribution scheme	236,147	163,284	-	-
	15,357,004	19,083,538	-	-

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

	Group 2019 No.	Group 2018 No.	Company 2019 No.	Company 2018 No.
Administration	29	28	3	3
Scaffolders and Drivers	267	369	-	-
	296	397	3	3

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

8. Directors' remuneration

The highest paid director received remuneration of £145,711 (2018 - £141,457).

9. Interest receivable

	2019 £	2018 £
Other interest receivable	23,637	12,953

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	11,341	8,059
Mortgage interest payable	85,764	23,437
Other interest payable	9	4
	97,114	31,500

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	817,905	1,275,504
Adjustments in respect of previous periods	347	(131,775)
	818,252	1,143,729
Total current tax	818,252	1,143,729
Deferred tax		
Origination and reversal of timing differences	(55,518)	(89,986)
Total deferred tax	(55,518)	(89,986)
Taxation on profit on ordinary activities	762,734	1,053,743

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

11. 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	3,380,245	5,577,900
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	642,247	1,059,801
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	707,379	613,581
Capital allowances for year in excess of depreciation	(504,604)	(377,857)
Adjustments to tax charge in respect of prior periods	347	(131,775)
Deferred tax adjustments	(55,518)	(89,986)
Non-taxable income	(27,117)	(20,021)
Total tax charge for the year	762,734	1,053,743

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

12. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £
Cost or valuation					
At 1 November 2018	3,636,937	12,932,879	166,685	284,859	112,157
Additions	-	2,679,375	82,690	800	37,460
Disposals	-	(982,132)	(40,436)	-	-
At 31 October 2019	3,636,937	14,630,122	208,939	285,659	149,617
Depreciation					
At 1 November 2018	-	6,507,418	115,164	114,225	55,685
Charge for the year on owned assets	-	2,926,025	32,543	57,088	31,279
Disposals	-	(982,132)	(36,399)	-	-
At 31 October 2019	-	8,451,311	111,308	171,313	86,964
Net book value					
At 31 October 2019	3,636,937	6,178,811	97,631	114,346	62,653
At 31 October 2018	3,636,937	6,425,461	51,521	170,634	56,472

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

12. Tangible fixed assets (continued)

	Total £
Cost or valuation	
At 1 November 2018	17,133,517
Additions	2,800,325
Disposals	(1,022,568)
At 31 October 2019	<u>18,911,274</u>
Depreciation	
At 1 November 2018	6,792,492
Charge for the year on owned assets	3,046,935
Disposals	(1,018,531)
At 31 October 2019	<u>8,820,896</u>
Net book value	
At 31 October 2019	<u>10,090,378</u>
At 31 October 2018	<u>10,341,025</u>

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

	2019 £	2018 £
Freehold	<u>3,636,937</u>	<u>3,636,937</u>
	<u>3,636,937</u>	<u>3,636,937</u>

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 November 2018 and 31 October 2019	1,800,336

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
G K R Scaffolding Limited	200 Tower Bridge Road, London, SE1 2UN	Ordinary	100%
Frindsbury Properties Limited	94a High Street, Sevenoaks, Kent, TN13 1LP	Ordinary	100%

The aggregate of the share capital and reserves as at 31 October 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
G K R Scaffolding Limited	19,634,569	2,618,658
Frindsbury Properties Limited	2,200,595	(12,877)

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

14. Investment property

Group

	Freehold investment property £
Valuation	
Additions at cost	2,397,250
Loss on revaluation	(100,000)
At 31 October 2019	2,297,250

The 2019 valuations were made by the directors, on an open market value for existing use basis.

	2019 £	2018 £
Historic cost	2,397,250	-

15. Stocks

	Group 2019 £	Group 2018 £
Raw materials and consumables	2,090	725
	2,090	725

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

16. Debtors

	Group 2019	Group 2018
	£	£
Trade debtors	8,111,916	8,659,720
Other debtors	149,895	216,172
Prepayments and accrued income	297,183	303,310
Tax recoverable	661,393	-
Deferred taxation	326,414	270,896
	<u>9,546,801</u>	<u>9,450,098</u>

17. Creditors: Amounts falling due within one year

	Group 2019	Group 2018	Company 2019	Company 2018
	£	£	£	£
Bank loans	164,272	89,608	-	-
Trade creditors	1,056,975	1,453,824	-	-
Corporation tax	31,758	34,814	-	-
Other taxation and social security	1,137,128	1,223,297	-	-
Obligations under finance lease and hire purchase contracts	20,197	6,698	-	-
Other creditors	237,765	240,256	4	5
Accruals and deferred income	759,348	708,244	-	-
	<u>3,407,443</u>	<u>3,756,741</u>	<u>4</u>	<u>5</u>

The following liabilities were secured:

	Group 2019	Group 2018
	£	£
Bank loans	164,272	89,608
	<u>164,272</u>	<u>89,608</u>

Details of security provided:

Barclays bank holds a charge over the Group's properties at Independent House, Rochester and the ground floor, first floor and apartment at 200 Tower Bridge Road, London as security for the loan.

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

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

	Group 2019	Group 2018
	£	£
Bank loans	2,817,968	1,387,061
Net obligations under finance leases and hire purchase contracts	49,097	-
	<u>2,867,065</u>	<u>1,387,061</u>

The following liabilities were secured:

	Group 2019	Group 2018
	£	£
Bank loans	2,982,240	1,476,669
	<u>2,982,240</u>	<u>1,476,669</u>

Details of security provided:

Barclays bank holds a charge over the Group's properties at Independent House, Rochester and the ground floor, first floor and apartment at 200 Tower Bridge Road, London as security for the loan.

The bank loan is for a fixed term of five years, during which interest is fixed at 3.49% per annum.

19. Loans

	Group 2019	Group 2018
	£	£
Amounts falling due within one year		
Bank loans	164,272	89,608
Amounts falling due 1-2 years		
Bank loans	164,832	82,478
Amounts falling due 2-5 years		
Bank loans	2,653,136	1,304,583
	<u>2,982,240</u>	<u>1,476,669</u>

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

20. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Financial assets measured at fair value through profit or loss	4,729,100	-	-	-
Financial assets that are debt instruments measured at amortised cost	8,261,812	8,875,892	-	-
	<u>12,990,912</u>	<u>8,875,892</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	-	(3,913,540)	-	(5)
	<u>-</u>	<u>(3,913,540)</u>	<u>-</u>	<u>(5)</u>

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans, other creditors and accruals.

21. Deferred taxation

Group

	2019 £	2018 £
At beginning of year	270,896	180,910
Charged to profit or loss	55,518	89,986
At end of year	<u>326,414</u>	<u>270,896</u>
	Group 2019 £	Group 2018 £
Accelerated capital allowances	<u>326,414</u>	<u>270,896</u>

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

22. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
222 (2018 - 222) Ordinary A shares of £1.00 each	222	222
2 (2018 - 2) Ordinary B shares of £1.00 each	2	2
1 (2018 -) Ordinary C share of £1.00	1	-
	<u>225</u>	<u>224</u>

The Ordinary Class A shares have full voting, dividend and capital distribution rights. The Ordinary Class B and C shares have dividend rights only.

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the year dealt within the accounts of the Company was £1,537,550 (2018: £1,322,021).

During the financial year, the Company has issued one Ordinary Class C share for consideration of £1. The nominal value attached to this class of share is £1 per share.

23. Dividends

	2019 £	2018 £
Dividend - Ordinary Class A - £6,363 (2018: £5,757) per share	1,412,550	1,278,021
Dividend - Ordinary Class B - £31,000 (2018: £22,000) per share	62,000	44,000
Dividend - Ordinary Class C - £63,000 (2018: £Nil) per share	63,000	-
	<u>1,537,550</u>	<u>1,322,021</u>

24. Reserves

Share Capital

This represents the nominal value of shares that have been issued by the Company.

Profit and loss account

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

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

25. Pension commitments

The Group operates a defined contributions pension scheme for three (2018: three) employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £14,808 (2018: £14,808).

In addition, the Group's contributions to NEST in the year amounted to £221,339 (2018: £148,476). At the year end £23,712 (2018: £38,920) remained unpaid and this amount is included within creditors.

26. Commitments under operating leases

At 31 October 2019 the Group and the Company had future minimum lease payments and receipts under non-cancellable operating leases as follows:

	Group 2019	Group 2018
	£	£
Payments		
Not later than 1 year	702,480	330,940
Later than 1 year and not later than 5 years	2,072,103	617,299
Later than 5 years	186,000	248,000
	<u>2,960,583</u>	<u>1,196,239</u>

	Group 2019	Group 2018
	£	£
Receipts		
Not later than 1 year	48,000	-
Later than 1 year and not later than 5 years	68,000	-
	<u>116,000</u>	<u>-</u>

27. Related party transactions

During the year the Group was charged management charges of £455,000 (2018: £430,000) plus VAT by G K & Y Rowswell Partnership, a partnership of which all directors are partners of. During the year the Group paid £455,000 (2018: £430,000) in respect of these costs.

In addition, the Group paid expenses on behalf of the partnership totalling £73,988 (2018: £65,520) and received £69,074 (2018: £31,151) in repayments. At the balance sheet date the Group was owed £90,484 (2018: £85,569) by the partnership and is included in other debtors.

G K R LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

28. Transactions with directors

In the current year, included within other debtors, are loans to the directors of the company. The loans are repayable on demand. The movements during the year were as follows:

	Director 1 £	Director 2 £
Balance brought forward at 1 November 2017	6,198	12,904
Amounts advanced	115,911	27,609
Amounts repaid	(61,417)	(21,557)
Balance carried forward at 31 October 2018	60,692	18,956
Balance brought forward at 1 November 2018	60,692	18,956
Amounts advanced	24,893	38,444
Amounts repaid	(74,476)	(45,625)
Balance carried forward at 31 October 2019	11,109	11,775

29. Controlling party

The Company is under the ultimate control of L Rowswell and N Rowswell by virtue of their 88% shareholding.